

Contract Conditions

Prudential International Investment Bond (Capital Redemption Option)

Contract Conditions Booklet PIA/UK/PIBCRO/04/0823

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Part 1: Introduction

1.1 Definitions

Where appropriate, words in the singular include the plural and words in the masculine include the feminine gender and vice versa in both cases.

“**Acceptable Instruction**” means a written instruction specific to the type of:

- Cash In Benefit required. See Part 4; or
- Adviser Charge(s) to be paid from the Bond. See Part 5.

The instruction must be correctly completed and sent to Our Administration Centre in Ireland together with any additional documentation We may require at the time.

“**Account**” or “**PruFund Account**” means an account which is a holding account that receives Investment monies pending the automated purchase of Investment Units of the corresponding Fund from the PruFund Range of Funds on the PruFund Quarter Dates. Each Account will reflect the currency of the corresponding Fund from the PruFund Range of Funds.

“**Actual Fund Value**” means the value of each Fund within the PruFund Range of Funds which PAC achieves by using a variety of methods and assumptions (including the use of appropriate investment indices) to regularly estimate the value of the assets and liabilities of each Fund. The value attributed to each of these Funds in this way on any day is its Actual Fund Value on that day.

“**Actual Amount Used To Buy Units**” means an amount invested in the Bond. We credit this amount to the Bond in the chosen Fund(s). We show this amount:

- in the Contract Schedule for the Initial Investment; and
- in an Endorsement relating to an Additional Investment.

“**Actuary**” means the Actuary appointed by the Company in accordance with the terms of section 34 of the Insurance Act 1989 (Ireland).

“**Ad hoc Adviser Charge**” means a one-off Adviser Charge You instruct Us to deduct from Your Bond and pay Your Financial Adviser. See Part 5, Condition 5.3.

“**Additional Investment**” means the amount of any Additional Payment after any Set-up Adviser Charge is deducted. We will show the Actual Amount Used To Buy Units in relation to an Additional Investment on the relevant Endorsement.

“**Additional Investment Date**” for an Additional Investment into the Bond means the date the Additional Investment was credited to the Bond.

“**Additional Investment Units**” means the Units purchased by an Additional Investment as described in Part 2, Condition 2.1.

“**Additional Payment**” means any payment You make into the Bond other than the Initial Payment.

“**Administration Centre**” means Our administration office in Ireland at Montague House, Adelaide Road, Dublin 2.

“**Adviser Charge**” or “**Adviser Charges**” means any type of withdrawal You ask Us to make from Your Bond and pay to Your Financial Adviser, except where We state these expressions relate to one or more specific types of such withdrawal. See Part 5, which covers all types of Adviser Charge You can pay by deductions from Your Bond. This specifically excludes any Set-up Adviser Charge as We facilitate this as a deduction from Your Payment before We put Your Bond into force.

“**Adviser Charge Instruction Form**” means a form, by submission of which You instruct Us to deduct Adviser Charges from Your Bond. This form is one of a number of Acceptable Instructions for Adviser Charges. See Part 5, Condition 5.1 for further details.

“**Agreement**” means the agreement between You and Us that governs the Bond, as set out in these Contract Conditions and any other Policy Documents, as further described in Condition 1.4.

“**Annual Investment Reward**” or “**Reward**” mean the reward described in Part 2, Condition 2.4. These terms are used interchangeably.

“**Annual Management Charge**” or “**AMC**”, means the charge described in Part 7, Condition 7.2. These terms are used interchangeably.

“**Applicable Law or Regulation**” means any laws, regulations, guidance, voluntary codes or statements that apply from time to time in relation to the activities performed by Us.

“**Application Form**” means the form on which You applied for, and gave Us information to base, the Bond or any Additional Investment, as appropriate.

“**Benefit**” means the monies due to You from the Bond arising from either a claim for payment of the Maturity Benefit or Cash In Benefits.

“**Bond**” means Your Prudential International Investment Bond (Capital Redemption Option).

“**Cash In Benefits**” means the Benefit payments made available from the Bond by making a Withdrawal.

“**Central Bank of Ireland**” means the Central Bank of Ireland and any successor or replacement organisations responsible for financial regulation in Ireland.

The “**Channel Islands Financial Ombudsman**” means that organisation whose details are given in Part 8, Condition 8.15 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Financial Services Ombudsman (Jersey) Law 2014.

“**Chargeable Events**” means the transactions set out in Part 8, Condition 8.10.

“**Commencement Date**” shown in the Contract Schedule will be the same as the Investment Date unless We are asked to show a different Commencement Date.

“**Company**” means Prudential International Assurance plc which markets under the name “Prudential International” in the UK and certain other territories. “**We**” means the Company (and “**Our**” and “**Us**” and “**We**” should be read as referring to the Company).

“**Contract Conditions Booklet**” means this document.

“**Contract Schedule**” means the document We describe in Condition 1.4.

“**Current**” and “**Currently**” for such a charge or limit should be read as referring to the amount of the charge or limit as published by Us at the time We deduct the charge or apply the limit.

“**Daily Smoothing Limit**” means a specified limit, expressed as a percentage of the Unit Price, that PAC may choose to vary from time to time and that may differ across the PruFund Range of Funds. For further information please see Part 3, Condition 3.3.3.3(b) and Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“**Date of Receipt**” means the date We describe in Part 2, Condition 2.2, Part 3, Conditions 3.3.2, 3.3.6, 3.4.1, and Part 4, Conditions 4.3.2, 4.4.2 and 4.5.3.

“**Defined Charge Participating Sub-Fund**” means the sub-fund of the PAC With-Profits Fund into which Units of the PruFund Range of Funds are invested. See Part 3, Condition 3.3.

“**Effective Date**” means the date that We receive all that We require at Our Administration Centre in Ireland to put the Bond into force or to credit an Additional Investment to the Bond, as appropriate. We show the Effective Date in Your Contract Schedule or Endorsement, as appropriate.

“**Effective Date of Change**” means the date that a change to Ongoing Adviser Charges becomes effective following receipt of a new Acceptable Instruction. See Part 5, Condition 5.2.2.7.

“**Effective Start Date of Ongoing Adviser Charges**” means the date that Ongoing Adviser Charges, if selected, start to apply to the Bond. See Part 5, Condition 5.2.2.1.

“**Effective Start Date of Regular Withdrawals**” means the date that Regular Withdrawals, if selected, start to apply to the Bond unless You specify a first payment date. See Part 4, Condition 4.1.3.

“**Endorsement**” or “**Special Provisions**” means a document issued by Us after the Bond has started, as described in Condition 1.4.

“Expected Growth Rate” means the annual rate of increase applied on a daily basis to increase the Unit Prices of the Funds and corresponding Accounts of the PruFund Range of Funds. The Expected Growth Rate is set by the directors of PAC and may vary between Funds. See Part 3, Condition 3.3.

“External Unit-Linked Funds” are any Internal Unit-Linked Funds that invest in unit-linked Funds not managed within M&G plc. See Part 3, Condition 3.1. Unless otherwise stated, Fund means either an External Unit-Linked Fund or an Internal Unit-Linked Fund.

“Financial Adviser” means an individual financial adviser or financial adviser firm who, according to Our records, is acting as Your agent to provide You with financial advice and such other services in relation to Your Bond as agreed between You and Your Financial Adviser. The Financial Adviser must have an agreement or terms of business with M&G plc and must, at all times, be appropriately authorised. Where Your Financial Adviser is based outside the UK, they must be authorised under the relevant overseas legislation governing their activities to provide financial advice and other regulated services. At any one point in time, We will only facilitate the payment of Adviser Charges to one Financial Adviser in relation to Your Bond.

“Financial Conduct Authority” or **“FCA”** means the Financial Conduct Authority and any successor or replacement organisation responsible for the time being for the regulation of the financial services and/or insurance industry in the United Kingdom.

“Financial Ombudsman Service” means that organisation whose details are given in Part 8, Condition 8.15 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Financial Services and Markets Act 2000 as amended from time to time.

“Financial Services Compensation Scheme” or **“FSCS”** means the United Kingdom financial services compensation scheme administered in accordance with the Financial Services and Markets Act 2000 and any successor or replacement scheme or organisation responsible for the time being for the compensation of customers of FCA authorised financial services firms in the United Kingdom.

“Financial Services & Pensions Ombudsman” means that organisation whose details are given in Part 8, Condition 8.15 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Central Bank and Financial Services Authority of Ireland Act 2004 as amended from time to time.

“Full Cash In” or **“Fully Cash In”**, **“Fully Cashing In”** and **“Fully Cashed In”** means the full cashing in of one or more Policies or all the Policies. See Part 4, Conditions 4.4 and 4.5.

“Fund Switch” means a transaction where the Units of one or more Funds are cancelled from the Bond and replaced by Units of one or more other Funds.

“Fund Switch Charge” means the charge described in Part 7, Condition 7.3.

“Funds” mean the full range of available Funds that are maintained by the Company or the Fund managers who We appoint, as listed in the Statement of Charges (as amended by Us from time to time). Unless otherwise stated, Fund means either an Internal Unit-Linked Fund or an External Unit-Linked Fund.

“Gap After Adjustment” means the specified gap, expressed as a percentage of the Net Asset Value Per Unit, between the Unit Price and the Net Asset Value Per Unit immediately after the Unit Price has been adjusted as a result of the Daily Smoothing Limit being met or exceeded as set out in Part 3, Condition 3.3.3.3(b). PAC may choose to vary this percentage from time to time and it may differ across the PruFund Range of Funds. For further information please see Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“Guarantee Date” means the date on which the PruFund Guarantee will apply. The anniversary on which the PruFund Guarantee falls will be as selected by You at outset or as determined by the PruFund Type and/or currency of PruFund Protected Fund chosen by You at outset, as appropriate. The date of the relevant anniversary, the Guarantee Date, will be determined from the Investment Date into the PruFund Account corresponding to the chosen PruFund Protected Fund. Where applicable, the Guarantee Date is shown in the Contract Schedule.

“Guarantee Date Options” means the options You can exercise in the 28 days following the Guarantee Date if You are invested in a PruFund Protected Fund on the Guarantee Date. Refer to Part 3, Condition 3.3.6.2.

“Guaranteed Maturity Value” is as described in Part 6, Condition 6.1. The Guaranteed Maturity Value at the Commencement Date is as shown in the Contract Schedule.

“Guaranteed Minimum Fund” means the value of the Units as calculated in accordance with Part 3, Condition 3.3.5. Where applicable, the Guaranteed Minimum Fund at the Commencement Date is as shown in the Contract Schedule.

“Illustration” means one of the explanatory documents provided with the other Bond documents. You receive an Illustration at outset and will receive others if You pay Additional Investments. Whenever We refer to an Illustration We mean the one received at outset unless We say otherwise.

“Index” means the Consumer Price Index (CPI), which measures the changes in prices for consumer goods and services and is published by the Irish Government agency known as the Central Statistics Office. If this index is no longer published or if, in Our reasonable opinion, it becomes no longer suitable, Index will mean such other appropriate index which measures inflation as We shall specify and notify to You.

“Initial Investment” means the amount of any Initial Payment after any Set-up Adviser Charge is deducted. We show on the Contract Schedule the amount We credit to the Bond in relation to this Investment as the Actual Amount Used To Buy Units.

“Initial Investment Units” means the Units purchased with the Initial Investment, as described in Part 2, Condition 2.1.

“Initial Payment” means the first payment You make into the Bond.

“Internal Unit-Linked Funds” are any Funds that are managed by Us or another company within M&G plc, of which We will allow Units to be credited to the Bond. Unless otherwise stated, Fund means either an Internal Unit-Linked Fund or an External Unit-Linked Fund.

“Investment” means the Actual Amount Used To Buy Units that We credit to the Policies in the Bond. We divide each Investment equally between the Policies.

“Investment Date” shown in the Contract Schedule is the date the Initial Investment was credited to the Bond.

“Key Features Document” means a document describing the key features of the Bond. You will receive a Key Features Document before You make Your Initial Payment.

“M&G plc” means any company and any subsidiary of them or their holding company which has M&G plc as its ultimate holding company, as such terms are defined in the UK Companies Act 2006, as amended.

“Maturity Benefit” means the Benefit which is payable when the Bond reaches the Maturity Date if You do not Fully Cash In the Bond before then. See Part 6 as to when the Maturity Benefit is payable.

“Maturity Date” as shown in the Contract Schedule or Related Documents is the date that the Bond ends and a Maturity Benefit becomes payable. This applies if You do not Fully Cash In the Bond before the Maturity Date. See Part 6.

“Net Asset Value Per Unit” means the Actual Fund Value divided by the total number of Units credited to a Fund within the PruFund Range of Funds (in respect of all policies issued by the Company, not just Your own Policies).

“Ongoing Adviser Charges” means an Adviser Charge You instruct Us to deduct from Your Bond and pay Your Financial Adviser at regular intervals. See Part 5, Condition 5.2.

“PAC” means The Prudential Assurance Company Limited, the company that provides the PruFund Range of Funds to the Company by a reinsurance contract for customers of the Company to invest into. PAC also provides the guarantee for the PruFund Guarantee.

“PAC With-Profits Fund” means the fund into which PAC’s with-profits business is written. The PAC With-Profits Fund is divided into three sub-funds.

As explained in Part 3, Condition 3.3, Units held in Funds within Our PruFund Range of Funds are reassured into one of these sub-funds, the Defined Charge Participating Sub-Fund. PAC’s Principles and Practices of Financial Management, which may be changed from time to time in accordance with regulatory requirements, gives details about the sub-funds. This document is available upon request from Our Administration Centre in Ireland.

“Partially Cashing In” or **“Partially Cashed In”** means the partial cashing in of all the Policies in the Bond as explained in Part 4, Condition 4.3.

“Partial or Full Cash In Request Form” means a form by submission of which You request Us to perform a Partial or Full Cash In.

“Partial Withdrawal” means the Withdrawal described in Part 4, Conditions 4.2, 4.3 and 4.4.

“Personal Representatives” means the persons (or person) who have legal authority to deal with, administer and dispose of the assets which belonged to the deceased individual at the time of death.

“Policy” or **“Policies”** means the policy or policies that make up Your Prudential International Investment Bond (Capital Redemption Option). We use these terms interchangeably.

“Policy Anniversary” means any anniversary of the Investment Date shown in the Contract Schedule or Related Documents.

“Policy Documents” means the documents described in Condition 1.4.

“Policy Year” means the 12 month period starting on the Investment Date (for the first Policy Year) and any 12 month period starting on a Policy Anniversary.

“Policyholder” means the applicant for, or the legal owner(s) of, the Bond, as appropriate.

“Process”, **“Processing”** and **“Processed”** means to put through the steps of a prescribed procedure.

“Prudential International Investment Bond (Capital Redemption Option)” means the Bond described in Condition 1.2.

“PruFund Guarantee” means the guarantee provided by PAC that the value of the Units held in a PruFund Protected Fund on the Guarantee Date, will be a sum at least equal to the Guaranteed Minimum Fund on the Guarantee Date.

“PruFund Guarantee Charge” means the charge We describe in Part 7, Condition 7.4.

“PruFund Guarantee Multiplier” means the factor We apply to the amount of Initial Investment credited to a PruFund Protected Fund to determine the Guaranteed Minimum Fund at the Commencement Date of the Part 3, Condition 3.3.5. We also apply the PruFund Guarantee Multiplier to the value of any Units cancelled from a PruFund Protected Fund before the Guarantee Date, in relation to Withdrawals, switches out or any Adviser Charges, to determine the reduction in the Guaranteed Minimum Fund.

“PruFund Non-Protected Funds” means those Funds within the PruFund Range of Funds that do not have a PruFund Guarantee attaching.

“PruFund Protected Funds” means those Funds within the PruFund Range of Funds that have a PruFund Guarantee attaching at the Guarantee Date described in Part 3, Condition 3.3.4.

Where a Fund within the PruFund Range of Funds is available with a PruFund Guarantee, there will also be a corresponding PruFund Non-Protected Fund of the same PruFund Type and currency.

“PruFund Quarter Dates” These are the 25 February, 25 May, 25 August and 25 November or the next Working Day if the date falls on a non-Working Day. Where a Working Day is a public holiday in the United Kingdom, then for the purposes of the PruFund Quarter Dates only, this day will not be considered a Working Day.

“PruFund Range of Funds” means the PruFund Non-Protected Fund(s) and the PruFund Protected Fund(s). These are Unit-Linked Funds that are invested in the Defined Charge Participating Sub-Fund as described in Part 3, Condition 3.3.

“PruFund Type” There may be different PruFund Types available within the PruFund Range of Funds such as “Cautious”, “Growth” or others as may be available.

“Quarterly Smoothing Limit” means a specified limit, expressed as a percentage of the Unit Price, that PAC may choose to vary from time to time and that may differ across the PruFund Range of Funds. For further information please see Part 3, Condition 3.3.3.3(a) and Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“Regular Cancellation Date” means the Working Day in each month, quarter, half-year or year, as appropriate to the chosen frequency, on which deductions are made from Your Bond for Regular Withdrawals and/or Ongoing Adviser Charges, as appropriate. See Part 4, Condition 4.1.3 and Part 5, Condition 5.2.2.1.

“Regular Withdrawal Request Form” means a form by submission of which You request Us to perform Regular Withdrawals.

“Regular Withdrawals” means a series of Withdrawals out of the Bond at regular intervals.

“Related Document” means any document shown in the section headed “Related Documents” in the Contract Schedule and any Endorsement or Special Provision or other document We issue about the Bond.

“Set-up Adviser Charge” means the amount You ask Us, as part of Your Initial Investment or Additional Investment application, to deduct from Your Payment to pay Your Financial Adviser on Your behalf before We invest the balance into Your Bond as the Initial Investment or Additional Investment, as appropriate.

As the Set-up Adviser Charge is deducted from Your Payment before Your Bond is put into force or Additional Investment is accepted, as appropriate, We do not refer to the Set-up Adviser Charge in Part 5 of this Contract Conditions Booklet which sets out details of Adviser Charges You can pay to Your Financial Adviser by way of deductions from Your Bond.

“Statement of Charges” means the statement We describe in Condition 1.4.

“System(s)” means the computer system or systems We use as part of Our Processing.

“Units” means the notional parts of equal value into which each Fund or Account is separately divided. These notional parts are called Units. We credit Units to the Bond to represent Your Investment in a Fund. You do not own these Units; We use them to calculate the Benefits You are entitled to under Your Bond.

“Unit Price” means the price at which a Unit is credited to or cancelled from Your Bond. The Unit Price will be calculated on a forward pricing basis, which means that the Unit Price applied on any given day reflects all transactions and adjustments on that given day, including, where relevant, any Unit Price Adjustment, regardless of the precise time of day at which those transactions and adjustments occur.

“**Unit Price Adjustment**” means the adjustment in Unit Price that can be made with effect from, or between, PruFund Quarter Dates as described in Part 3, Condition 3.3.3.3(a) and 3.3.3.3(b) respectively.

“**Unit Price Reset**” is an adjustment that can be made to the Unit Price of a Fund within the PruFund Range of Funds as described in Part 3, Condition 3.3.3.4.

“**Unit-Linked Funds**” mean the Funds We maintain within Our life assurance business fund. These Funds are divided into Units representing a notional share of the Fund. See Part 3, Condition 3.1.

“**Withdrawal**” or “**Withdrawals**” means Benefit payments made available from the Policies by either (a) Partially Cashing In all the Policies, or (b) Fully Cashing In one or more of the Policies.

“**Working Day**” means any normal business day that the Company would be ordinarily open for business which will exclude public holidays in Ireland. Public holidays in Ireland may fall on different days to those in the United Kingdom and elsewhere. Where the effective date of a transaction or valuation falls on a non-Working Day, We will use the following Working Day as the effective date.

“**You**” and “**Your**” means the Policyholder.

“**Your Payment**” means Your Initial Payment or Additional Payment, as appropriate.

1.2 General description

The “**Prudential International Investment Bond (Capital Redemption Option)**” is a unit-linked contract set up with an initial single payment. It is designed to give Benefits (“**Cash In Benefits**”) and a single payment Benefit (the “**Maturity Benefit**”) if it has not been Fully Cashed In before the Maturity Date. The Cash In Benefits and Maturity Benefit of the Bond depend on the value of the Units held under the Bond.

Unless You ask Us otherwise, We issue a Prudential International Investment Bond (Capital Redemption Option) as a group of 20 identical Policies. We word these Contract Conditions on the basis that the Bond will consist of a group of Policies. However, We will issue the Bond as one Policy if You specifically ask Us to do so, in which case You should read the word “Policies” as if it said “Policy”.

We use the Initial Investment to credit Units to the Bond.

You may make Additional Payments into the Bond. If You do so, You must pay at least the minimum amount, but no more than the maximum amounts that We set from time to time.

If You want to take out a Bond, Your Financial Adviser must send Us an application on Your behalf. Your Financial Adviser should have explained this Agreement to You before the Commencement Date and before You make an Additional Investment and/or change to Your Investment.

We will not advise You about the suitability of Your Bond. We will not be responsible for any advice given to You by Your Financial Adviser or for any investment decisions which You make.

1.3 The Contract Conditions

These “**Contract Conditions**” together with any other Policy Documents as described in Condition 1.4, set out the Agreement between You and Us that governs Your Prudential International Investment Bond (Capital Redemption Option), the Policies which form the Bond and the Funds that the Bond is linked to.

1.4 Policy Documents

When a Bond starts We issue the following Policy Documents to confirm the Agreement, based on the information given to Us by the Applicant(s) as part of the application for the Bond:

- (a) the Contract Conditions Booklet (this document);
- (b) a Contract Schedule which sets out the details of each Policy in the Bond;
- (c) in this document where We mention Statement of Charges We mean the Statement of Charges referred to in the Contract Schedule and any Endorsements. The Statement of Charges sets out details of certain charges, costs and limits at the Commencement Date of Your Bond; and
- (d) any non-standard conditions, arrangements or supplementary information will be set out in the document(s) identified in the Related Documents section in the Contract Schedule or subsequent confirmation letter.

These Policy Documents together form the contractual conditions of the Bond. If there are any significant changes to the Bond after it has started, We will normally issue an Endorsement or Special Provisions document giving details of the change(s). You should read the expressions Policy Documents and Related Documents as including any Endorsements or Special Provisions document issued after the Bond has started.

Although Your Financial Adviser should have explained this Agreement to You before the Commencement Date or an Additional Investment, as appropriate, if You are not comfortable with any terms and conditions of this Agreement You can exercise Your right to cancel Your Bond or an Additional Investment into Your Bond, as appropriate, within 30 days from the date You receive Your right to cancel notices as more fully described in Condition 1.5.

We do not issue new Contract Schedules, Endorsements or Statement of Charges when a change to any charges and limits expressed as a monetary amount are made.

1.5 Cancellation

If You change Your mind You can cancel Your Bond within 30 days of receiving Your right to cancel notice.

You can also cancel an Additional Investment within 30 days of receiving Your right to cancel notice in relation to that Additional Investment.

To cancel, You must give notice to Us in writing at Our Administration Centre or by such other means as detailed in the Key Features Document from time to time.

On cancellation, We will repay to You the amount of the relevant Investment(s), reduced for:

- (a) downward market movements in the Bond Fund Value;
 - (b) any Withdrawals We have paid to You; and
 - (c) any Adviser Charges We have deducted;
- since that Investment was credited to the Bond.

We cannot repay You any Set-up Adviser Charge or Adviser Charge deducted from Your Bond as these will have already been paid on Your behalf to Your Financial Adviser. This means that You will need to claim these from Your Financial Adviser if You are entitled to do so.

1.6 Termination

If You tell Us You wish to terminate Your Bond after the 30 day period referred to at 1.5 above, the cancellation will be treated as a request to Fully Cash In the Bond (see Part 4, Condition 4.5 for further details).

Part 2: Your Investments and Bond Reward (Your Payments into Your Bond)

2.1 The Investments

The amount You invest in any Fund must be no less than the minimum limit We have set at that time, as set out in the Statement of Charges as amended from time to time. The overall maximum of Investments and switches into Our PruFund Range of Funds is as shown in the Statement of Charges as amended from time to time.

2.1.1 The Initial Investment

We will divide the Initial Investment into the Bond equally between the Policies (allowing for any necessary rounding).

The Contract Schedule shows the Initial Investment for each of the Policies in the Bond.

2.1.2 Additional Investments

An Additional Investment may be made whilst Your Bond is in force but We have the right to refuse an Additional Investment into the Bond.

We will divide any Additional Investment into the Bond equally between the Policies then in force (allowing for any necessary rounding).

We issue an Endorsement for any Additional Investment paid into the Bond confirming the amount and the Additional Investment Date.

Additional Investments in respect of a PruFund Protected Fund will not be accepted into this contract. If a PruFund Protected Fund is selected for an Additional Investment, a new Bond must be applied for.

2.2 Date of Receipt

The Date of Receipt will be the Working Day that We receive all that We require to put Your Bond into force or to credit an Additional Investment to Your Bond, as appropriate, at Our Administration Centre in Ireland.

Where We receive the last item We require for an Investment on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the last item We require for an Investment after 12 noon on a Working Day or it is received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

We credit Units to the Bond for an Investment in accordance with Condition 2.3.

2.3 Crediting Units for Investments into the Bond

2.3.1 Crediting Units for the Initial Investment

The Contract Schedule shows the Actual Amount Used To Buy Units. This is the Initial Investment amount We will apply to credit Units of the chosen Fund(s) to the Bond.

2.3.2 Crediting Units for Additional Investments

An Endorsement in relation to an Additional Investment shows the Actual Amount Used To Buy Units. This is the Additional Investment amount We will apply to credit Units of the chosen Fund(s) to the Bond.

2.3.3 Crediting Units

We work out the number of Units We initially credit to the Bond for an Investment, by dividing the Actual Amount Used To Buy Units by the price of Units on the Date of Receipt for that Investment.

2.3.4 Crediting Units of the PruFund Range of Funds

Where an Investment is to be made in any Fund from the PruFund Range of Funds, Units will initially be purchased in the corresponding PruFund Account using the Unit Price of that PruFund Account. Units will then be automatically purchased in the chosen Fund on the next PruFund Quarter Date using the Unit Price of the appropriate PruFund Account and Fund on that day.

Please also refer to Part 3, Condition 3.3.3 of this Contract Conditions Booklet for further details of Unit pricing.

2.3.5 Fund choice

You can choose up to 10 Funds for Your Initial Investment, from Our range of Funds. Unless You tell Us that You wish to use different Funds for an Additional Investment, We will credit any Additional Investments to the Funds the Bond is already linked to; the amount We credit will be in proportion to the value of the Units of each of those Funds at the time We receive the Additional Investment.

Where the PruFund Range of Funds gives You a choice of different currency Funds, You may invest in only;

- one currency version of PruFund Non-Protected Fund of the same PruFund Type; and/or
- one PruFund Protected Fund.

These Funds are subject to any overall Investment limit that applies to the PruFund Range of Funds.

The Bond cannot be linked to more than 10 Funds at any time. This does not include a PruFund Account when choosing any Fund from the PruFund Range of Funds.

We will refuse a Fund choice for an Investment if it would result in the Bond being linked to more than 10 Funds. We will also refuse the choice of a Fund if, by making such a choice Your Bond would be invested in:

- (a) more than one currency version of Our PruFund Non – Protected Funds of the same PruFund Type; or
- (b) more than one PruFund Protected Fund.

All the Policies in the Bond will be linked to the same chosen Funds and all the Policies will have an identical number of Units of each chosen Fund (allowing for any necessary rounding).

Please refer to the Statement of Charges for a list of the investment Funds available to You at the time of Your Initial Investment which may be amended by Us from time to time. Fund guides are available on request from Our Administration Centre in Ireland.

2.4 Annual Investment Reward

Where applicable, We credit extra Units to the Bond as shown below.

The Contract Schedule will show if You are entitled to an Annual Investment Reward in respect of Your Initial Investment.

The Endorsement relating to an Additional Investment will show if You are entitled to an Annual Investment Reward in respect of that Additional Investment.

2.4.1 How We apply the Annual Investment Reward

The extra Units We credit to Your Bond will be equal in value to the percentage Annual Investment Reward shown in the Contract Schedule or Endorsement.

We apply the percentage to the value of Initial Investment Units and/or Additional Investment Units, as applicable, on the anniversary of:

- the Investment Date for the Initial Investment; and/or
- the Additional Investment Date for an Additional Investment.

We continue to add extra Units to Your Bond as described above until the events specified in 2.4.2 below.

2.4.2 When We stop the Annual Investment Reward

The Annual Investment Reward will no longer apply:

- (a) where the Bond is Fully Cashed In (see Part 4); or
- (b) on the Maturity Date (see Part 6, Condition 6.1).

We will not apply a pro-rata credit to Initial Investment Units and/or Additional Investment Units where (a) or (b) above occurs before the anniversary of the relevant Investment. For the avoidance of doubt, where the Bond is Fully Cashed In, or the Maturity Date falls, on an anniversary of an Investment that is eligible for an Annual Investment Reward, the Cash In Benefit or Maturity Benefit, as appropriate, will take into account the extra Units We will credit in relation to that Investment as described in Condition 2.4.1.

Part 3: Funds

We will work out the Benefits payable from Your Bond by crediting to it Units of each Fund You have chosen from among the Funds available. Please refer to the Statement of Charges for a list of available investment Funds. We may amend the list of such Funds from time to time.

We will send an annual Unit statement to You after each anniversary of the Commencement of Your Bond to show the current value of Your Bond. Should You require a Unit valuation statement more frequently than once a year, You should contact Our Administration Centre in Ireland with Your requirement. Available frequencies are monthly, quarterly or every six months. You may request a Unit valuation statement at any time by contacting Us at Our Administration Centre in Ireland.

In addition to Our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant Fund and will impact on its overall performance. For more information on these further costs, please look at the current Fund Guide for this product. We show the expected level of further costs applicable to each Fund at the start of Your Bond in the Statement of Charges but these costs may vary over time. The current range of expected further costs will be as published by Us at the time and are available upon request from Our Administration Centre in Ireland.

Fund guides are available on request from Our Administration Centre in Ireland. The ways in which these Funds are operated are stated below.

3.1 Unit-Linked Funds

3.1.1 Fund details

We, and the external companies We appoint, maintain a number of Unit-Linked Funds, to calculate the value of Benefits under Policies which We issue. Each Fund is represented by a separate account within the PAC With – Profits Fund. We can introduce further Funds or subdivide, close, merge, make changes to or wind-up existing Internal Unit-Linked Funds.

We will exercise Our power to close, merge, make changes to, wind-up or withdraw an Internal Unit-Linked Fund only for important legal or commercial reasons (for example if it becomes too small for it to be cost effective for Us to operate that Fund). We will act fairly and reasonably in the way that We do so, having regard to Our duty to protect Your interests and the interests of other policyholders.

If We close, merge, wind-up or withdraw an Internal Unit-Linked Fund or, for administrative reasons, We no longer wish to make an External Unit-Linked Fund available, in which You have invested We will give You notice of Your options as far in advance of a Fund closure as is reasonably practicable. We will switch the Units of the relevant Fund to Units of the Fund that We consider to have the closest investment objectives and asset allocation to the closed, merged, wound-up or withdrawn Fund. You will be given the opportunity to provide alternative instructions prior to the Fund closure, merger, wind-up or withdrawal of the Fund. You may, of course, switch out of a Fund at any time, subject to Condition 3.3.2.3 and Part 8, Condition 8.6, as appropriate.

The assets of the Funds will be invested in line with the objectives of each Fund.

Investments may be held directly, or by means of reinsurance contracts or collective investment schemes such as unit trusts or Investment Trusts or “Sociétés d’Investissement à Capital Variable” (SICAVs), or otherwise in line with the Fund’s objectives.

If We wish, We can divide any Fund into parts. We may, for example, divide a Fund where We need to segregate different series of a contract on which different Fund charges are applied. Each part will be divided into Units. The Units of the different parts may be of different types. Each Unit in the same part of a Fund will have the same value. Where such segregation is no longer required in any Fund We may consolidate a Fund. In this instance each Unit in a Fund will be of the same type and value. If We divide or consolidate a Fund, the effect on the value of any Bond will be neutral.

We will create Units of any Fund only if assets equivalent to those Units are added to that Fund at the same time. Except when making the deductions shown in Condition 3.1.6 or Part 7, Condition 7.2, or when reinvesting, We will remove assets from any Fund only if Units equivalent to those assets are cancelled at the same time.

Where We refer to the Funds and to the Units, this is for the purpose of calculating the Benefits available under the Bond. At all times, We own the assets in the Internal Unit-Linked Funds and all the assets of the funds underlying the External Unit-Linked Funds are owned by the relevant external company; neither the Policyholder nor any other person entitled to Benefit under the Bond has any legal or beneficial right or interest in the Units or Funds or the underlying investments.

3.1.2 Valuation

3.1.2.1 Valuation of Internal Unit-Linked Funds

The assets relating to each Internal Unit-Linked Fund will normally be valued at least once a week, to establish the price We will quote in the currency in which the Fund is valued (the “**Base Fund Currency**”). Assets and all loans charged against the Fund, will be valued with appropriate allowance for uninvested cash, accrued investment income and accrued charges.

We calculate the maximum and minimum value of each Internal Unit-Linked Fund other than the Funds in the PruFund Range of Funds. The maximum value We place on assets is the lowest available market price for which they could be bought. The minimum value is the highest available market price for which they could be sold. We must then reduce the maximum or minimum values by allowing for:

- taxes, duties and other charges on investment or realisation; and
- any reserves We consider appropriate to meet expenses, taxes and other fiscal impositions for which We may become liable; and
- the Annual Management Charge (see Part 7, Condition 7.2).

Where assets can be valued by reference to a recognised quotation that We consider appropriate, the prices We use are the quoted prices. For other assets, We use valuations certified by valuers which We appoint. These valuations are adjusted, in consultation with the valuers, to take into account changes in prices between the valuations.

We decide the value of each Internal Unit-Linked Fund (other than the Funds in the PruFund Range of Funds) by choosing a figure between its maximum and minimum values. The main factor We consider is whether more Units are being credited to the Fund than cancelled from it. If so, the purchase price of assets will be more relevant than the sale price, as We will be buying more assets than We are selling. But if more Units are being cancelled than credited, the sale price of assets will be more relevant than the purchase price. The decision 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 M&G plc, shall determine.

A change from a purchase valuation to a sale valuation basis or vice versa can have a significant effect on the Unit Price even though the market can appear to be relatively stable. In particular, a change from a purchase valuation basis to a sale valuation basis will reduce the Unit Price.

PAC is responsible for the valuation of all assets in the sub-funds of the PAC With-Profits Fund, including the Defined Charge Participating Sub-Fund in the manner described in PAC’s Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements. This document is available upon request from Our Administration Centre in Ireland.

Separate asset pools exist within the PAC Defined Charge Participating Sub-Fund to back Sterling, Euro and US Dollar denominated bonds. The performance of these asset pools over time and the levels of smoothing PAC decides to apply (see Condition 3.2), are reflected in Expected Growth Rates and Unit Price Adjustments declared by PAC from time to time.

3.1.2.2 What is an inherited estate?

As a Fund managed by a long established life assurance company, the PAC With-Profits Fund contains an amount of money in excess of the amount that PAC expects to pay out to existing with-profits policyholders and other investors within the Fund.

This is known as the inherited estate. It has built up over many years from a number of sources and it provides working capital, to support current and future business, including business written in the Defined Charge Participating Sub-Fund.

3.1.2.3 How we use the inherited estate

This capital lets You benefit from smoothing and guarantees and allows PAC greater flexibility to invest in a wide range of assets. PAC is also required by regulation to hold a substantial amount of capital in the PAC With-Profits Fund. This allows PAC to demonstrate, at all times, that the Fund is solvent and able to meet its obligations to all with-profits policyholders and other investors in the Fund. The inherited estate provides most of this solvency capital.

Policyholders invested in the Defined Charge Participating Sub-Fund are not entitled to any distribution of the PAC With-Profits Fund's inherited estate.

3.1.2.4 Valuation of External Unit-Linked Funds

Each External Unit-Linked Fund is linked to an underlying fund operated by the relevant external company. Each external company values its own underlying funds and then provides Us with a Unit Price or Prices (rounded in accordance with its own practises), which We use in valuing the corresponding External Unit-Linked Fund.

Where the external company provides prices based on both minimum and maximum fund values, We choose the price on which to base the Fund value. The main factor We consider is whether more Units are being credited to the Fund than cancelled from it, as described for Internal Unit-Linked Funds in Condition 3.1.2.1 above. Otherwise, the value of the External Unit-Linked Fund is based upon the single price supplied by the external company.

3.1.3 Unit Prices

3.1.3.1 Internal Unit-Linked Funds

The price of each Fund Unit will be calculated by dividing the value of the Fund (see 3.1.2 above) by the number of Fund Units in existence at each date the Fund is valued. Please see Condition 3.3.3 for the pricing of the PruFund Range of Funds.

For any transaction under Your Bond, We will work out the "value of Units" using the price of Units held under Your Bond on the date shown in Your Contract Conditions Booklet as being appropriate to that transaction.

For specific information on the PruFund Range of Funds, see Condition 3.3.

3.1.3.2 External Unit-Linked Funds

As stated in Condition 3.1.2.4 above, external companies value their own underlying funds and provide Us with a Unit Price which We will use in valuing the corresponding External Unit-Linked Fund.

3.1.4 Our liability

Our liability under any Fund that We make available under the Prudential International Investment Bond (Capital Redemption Option) 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 M&G plc or by an external company) or an interest in a reinsurance policy effected by Us to reinsure Our liability under a Fund.

In particular, for an External Unit-Linked Fund or a Fund that invests solely in funds operated by another company within M&G plc (for example, unit trusts or Open Ended Investment Companies ("OEICs") operated by another company within M&G plc), Our liability is limited to the amount We can claim from the relevant company. So, for example, if the external company or the other company within M&G plc, 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 Policies.

In addition, We are not liable for any losses caused by the acts and omissions of an external company in respect of its own fund and/or the External Unit-Linked Fund.

3.1.5 Annual Management Charges

We will deduct a variable Annual Management Charge in respect of each Fund. This charge will be levied at each valuation date, at the appropriate rate for that Fund, based on the value of the Fund at that valuation date. It will be deducted from Fund assets before the Unit Price is calculated. The rules are different for the PruFund Range of Funds. Please also see Part 7, Condition 7.2 for further details. Details of the Annual Management Charge applicable to each Fund can be found in the Statement of Charges which may be amended by Us from time to time. Fund guides are available on request from Our Administration Centre in Ireland.

The Annual Management Charges will be levied at the rate that is published by Us as at the applicable valuation date. We may introduce new Funds from time to time, to which the Bond may be linked in the future. Details of Annual Management Charges of such Funds will be available from Us as and when they are introduced.

3.1.6 Fund Transactions

We, or the external companies We appoint, will invest each Fund in the types of asset which We have set out in the published descriptions of that Fund. Our Funds literature (which is available on request) gives more information on the Funds. We may use assets of an Internal Unit-Linked Fund as security when We borrow for that Fund. We will credit all income from the assets of a Fund to that Fund. We will make deductions from a Fund in accordance with the provisions above and as decided by the Actuary regarding the following:

- (a) expenses, taxes, duties and other charges incurred in acquiring, managing, maintaining, valuing and disposing of assets.
- (b) interest on monies borrowed on account of the Fund, including interest due on monies borrowed from any other Fund.
- (c) any tax, levy or other charge on the Company, such as a levy under any legislation introduced for the purposes of raising levies for Funds to be held for the protection of the interests of policyholders, which affects the costs of operating the Bond and which is

reasonable in amount and reasonably incurred. Any such tax, levy or other charge will be imposed in a way which is proportionate to the increased cost of operating the Bond.

- (d) any expenses, taxes, duties and other charges incurred in connection with the Funds and not previously taken into account.
- (e) to take account of a charge called a "dilution levy", which We or an external company may make in certain circumstances. 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.

3.2 Smoothing

PAC has a smoothing policy which is designed to reduce the fluctuations of claim payments compared with the underlying investment performance. Shares in companies and property are higher risk than in some other types of investment. Their values tend to fluctuate more, but over the longer term they have historically produced relatively high returns.

The smoothing process addresses the concern that while shares and property have generally risen more in value than fixed term investments and deposits over a long period such as 20 years, the return is also much more volatile. One year the investment may do very well, but the next could see a slump. So instead of simply sharing out what the Fund makes, or loses, an investment in PruFund reduces some of the fluctuations in performance over the time You hold Your Bond.

Although smoothing means that PAC spreads profits, the aim is to pay out all the investment returns earned by the Fund over the long term. Smoothing operates through the application of Expected Growth Rates and Unit Price Adjustments.

The smoothing process works by holding back some growth when investment returns are strong. This growth can be used in years when returns are lower. The aim of the smoothing process is to offer more protection for the long term.

PAC's smoothing process is also described in Our brochure "Your guide to investing in the PruFund Range of Funds". Further information on PAC's smoothing policy can be provided on request.

3.3 Special conditions applying to the PruFund Range of Funds

A Fund guide titled "Your guide to investing in the PruFund Range of Funds" is available upon request from Our Administration Centre in Ireland.

3.3.1 The Funds and Accounts

You can invest in any available Fund from the PruFund Range of Funds. However:

- You may not invest in more than one currency version of a PruFund Non-Protected Fund of the same PruFund Type at the same time; and
- You may not invest in more than one PruFund Protected Fund.

Each Fund has a corresponding Account, being an investment Fund whose investment return is fixed at the Expected Growth Rate.

When You make an Investment We create Units in the Account(s) corresponding to the Fund(s) which You select, equal in aggregate value to the amount which Your personal Illustration states will be used to credit Units.

After crediting Units to an Account, and at any time before the next PruFund Quarter Date, the Units in the Accounts may be cancelled to pay for charges or Regular and Partial Withdrawals or Adviser Charges as appropriate. On the next PruFund Quarter Date, the Units remaining in the Accounts are cancelled and the amount realised is used to credit Units of the corresponding Fund(s).

Please refer to Part 7 of these Contract Conditions for information on the application of charges and to the Statement of Charges for the rate at which they are applied.

A Fund and its corresponding Account will each have an independent Unit Price but they will operate accordant with each other using the same Expected Growth Rate.

If We close any of the Funds in the PruFund Range of Funds and the corresponding Accounts, see Condition 3.1.1 for further details, a new Fund or Funds may be opened to accept new Investments.

Units of the Funds and the corresponding Accounts are invested by way of a reinsurance contract into the Defined Charge Participating Sub-Fund of the PAC With-Profits Fund. PAC will determine the level and has full responsibility for all Benefits provided through these Fund links. Benefits are provided through these links to each policyholder as described below. We will pass on to each policyholder the entire Benefit provided to Us by PAC on behalf of each policyholder. We will not use any of Our other assets to meet the Benefits provided through this Fund link.

All the assets of the Funds and Accounts are owned by PAC in its own right and not as trustee for its policyholders. We will need to amend the Funds if PAC changes the underlying structure of the Funds.

We can withdraw, amalgamate, close or rename any of Our Funds or Accounts at any time. We will give You reasonable notice of this if it affects You.

The assets of the Funds and Accounts are not separately identifiable from the other assets of the Defined Charge Participating Sub-Fund. Units of the Funds and the Accounts participate in the profits of the Defined Charge Participating Sub-Fund of the PAC With-Profits Fund in the manner described in PAC's Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements. This document is available upon request from Our Administration Centre in Ireland.

3.3.2 Credit and cancellation of Units

3.3.2.1 Credit of Units to a PruFund Account

Units will be credited to a PruFund Account at the Unit Price applicable to that Account on the day of credit.

We will credit Units on the Date of Receipt of the correctly completed Investment application or switch request forms at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive the correctly completed Investment application or switch request forms at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the correctly completed Investment application or switch request forms after 12 noon on a Working Day or they are received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the value of the Units is that applicable on the Date of Receipt of the correctly completed Investment application or switch request forms, the Unit value will not be known before the Date of Receipt is determined and the Unit Price for that Date of Receipt is calculated.

3.3.2.2 Credit of Units to Funds within the PruFund Range of Funds

Units will be credited to the Fund(s) You select within the PruFund Range of Funds automatically on the PruFund Quarter Date using the amount realised from the cancellation of the Units held in the corresponding PruFund Account(s) to purchase Units of the Fund(s) selected within the PruFund Range of Funds at the Unit Price(s) on the same PruFund Quarter Date. See also Condition 3.4.2 regarding discretionary switches and Condition 3.3.6 for PruFund Guarantee Date Options.

3.3.2.3 Cancellation of Units

Units are cancelled at their Unit Price applicable on the day of cancellation. However, the day on which We cancel Units depends on why the Units are being cancelled. Where Units of the same Fund are held in two or more Investments within a Bond, We will cancel Units in proportion to the Units relating to each Investment.

(a) Cancellations in respect of switches

There is a mandatory 28 day delay to Processing a discretionary switch out of the Funds in the PruFund Range of Funds. Please refer to Part 8, Condition 8.6.5.

Forms to request discretionary switches are available from Our Administration Centre in Ireland upon request.

The following conditions also apply:

- Where a 28 day delay has been applied, the Unit Price used for the switch will be that applicable on the date that the Units are cancelled, this means after 28 days have elapsed or the next Working Day if this day is not a Working Day. For example, if Your switch request was received on a Wednesday on or before 12 noon it will be Processed using the Unit Price of the Wednesday 28 days later.

This means that the Unit Price on the day that the Units are cancelled may be higher or lower than on the date that We received Your instruction and may mean a difference in the Unit value.

- When a request to switch has been received, it cannot be withdrawn or replaced but the destination Fund choice may be varied for switches to any Funds except the PruFund Range of Funds.
- Switches between a PruFund Protected Fund and the PruFund Non-Protected Fund of the same currency and PruFund Type will not be subject to the 28 day delay and will not switch via the corresponding PruFund Account.
- Switches where all Units are being switched out of the receiving PruFund Non-Protected Fund that are part of the Guarantee Date Options in the 28 days following the Guarantee Date will not be subject to the 28 day delay but will switch into the appropriate PruFund Account initially if the destination Fund is a Fund from the PruFund Range of Funds. See Condition 3.3.6.2.

- If any or all of the Policies are assigned within the 28 day delay the switch will still take place: the assignee shall be deemed to be aware of, and have agreed to the switch.

(b) Cancellations in respect of Full Cash In transactions, Partial Withdrawals or Ad hoc Adviser Charges

The Directors of PAC at their absolute discretion reserve the right to apply the 28 day delay to Full Cash In, or Partial Withdrawal transactions. If the 28 day delay is applied, the application of this rule to Full Cash In transactions or Partial Withdrawals will be in the same manner as it is applied in respect of switches. Please refer to Part 8, Condition 8.6.5 of these Contract Conditions. We will advise You if the 28 day delay is to apply to Your Full Cash In or Partial Withdrawal request.

Where the 28 day delay is applied to Your Full Cash In or Partial Withdrawal, the Unit Price on the day that the Units are cancelled may be higher or lower than the date that We received Your instruction and may mean a difference in the Unit value.

Ad hoc Adviser Charges are not subject to the 28 day delay.

(c) Cancellations in respect of Regular Withdrawals and Ongoing Adviser Charges

We cancel Units using the Unit Price applicable to the Regular Cancellation Date. Regular Withdrawals and Ongoing Adviser Charge deductions are not subject to the 28 day delay.

(d) Cancellations in respect of the payment of the Maturity Benefit

Maturity Benefit claims are not subject to the 28 day delay and will override any pending Unit cancellations from the PruFund Range of Funds. See Part 6, Maturity Benefit for further details.

In all cases under (a) – (d) above, the actual sum received will, in addition, be subject to any other Conditions relevant to the credit and cancellation of Units.

3.3.2.4 Adviser Charges, Partial Withdrawals, and Regular Withdrawals

Where two or more Investments have been paid into the Bond, We will cancel Units in proportion to the Units relating to each Investment.

Where the Bond is linked to two or more Funds and/or Accounts, We will deduct Units from the relevant Funds and/or Accounts as described in Part 4, Conditions 4.1.4, 4.3.2, 4.4.2 and Part 5, Conditions 5.2.3 and 5.3.4, as appropriate to the type of transaction.

3.3.3 Unit pricing

3.3.3.1 General

Where Units are due to be credited or cancelled on a non-Working Day, the Unit Price applicable to the next Working Day will apply.

Where a Fund is offered in more than one currency, Unit pricing will be determined independently for each currency version.

3.3.3.2 The Accounts

The Unit Prices for the Accounts were set at 100p per Unit on the date they first became available and 100 cents for US Dollar and Euro currency versions. PAC set the Expected Growth Rate for each Account and the Unit Prices increased in line with that Expected Growth Rate from then until and including the next PruFund Quarter Date.

From the next PruFund Quarter Date, the Unit Price of Units in the Accounts increases in line with the Expected Growth Rate of the corresponding Funds.

If the smoothing Process has been suspended (see Condition 3.3.3.5), the Unit Prices within the Accounts will continue to grow at the Expected Growth Rate.

This Expected Growth Rate will continue to be set on each PruFund Quarter Date and will apply to the Accounts during the period of suspension.

For more information about suspending the smoothing Process, please see Condition 3.3.3.5. The Unit Prices within the Accounts are not subject to any potential Unit Price Reset as described in Condition 3.3.3.4. This differs from the corresponding Funds within the PruFund Range of Funds.

3.3.3.3 The Funds and the smoothing Process

The Unit Prices for the Funds were set at 100p per Unit on the first PruFund Quarter Date that each Fund first became available and 100 cents for US Dollar and Euro currency versions. On that initial PruFund Quarter Date and on each subsequent PruFund Quarter Date, PAC will set and publish an Expected Growth Rate for each Fund.

Subject to any other adjustment or suspension of the smoothing Process in line with these Contract Conditions, the Unit Price within each of these Funds will increase in line with the then current Expected Growth Rate applicable to that Fund on every day from and including the day after the PruFund Quarter Date on which the respective Expected Growth Rate is set until and including the next PruFund Quarter Date. Details of the Expected Growth Rate for each Fund are available on request from Our Administration Centre in Ireland.

(a) Calculation of Unit Price at each PruFund Quarter Date

Unless the smoothing Process has been suspended (see Condition 3.3.3.5), the calculation of the Unit Price for each Fund at each PruFund Quarter Date will be as follows:

- (i) At each PruFund Quarter Date, after application of the existing Expected Growth Rate, PAC compares the Net Asset Value Per Unit of each Fund to the Unit Price of that Fund on that day. If the difference between the Net Asset Value Per Unit and the Unit Price is less than the Quarterly Smoothing Limit, the Unit Price will not change. However, subject to Condition 3.3.3.3(b):
 - If the Net Asset Value Per Unit is above the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be increased on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is above the Unit Price by less than the Quarterly Smoothing Limit.

- If the Net Asset Value Per Unit is below the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be reduced on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is below the Unit Price by less than the Quarterly Smoothing Limit.

- (ii) The Unit Price on the day after the PruFund Quarter Date will begin to increase in line with the new Expected Growth Rate as described in Condition 3.3.3.3.
- (iii) For the avoidance of doubt, carrying out the calculations under this Condition would not prevent Us from deciding to reset the Unit Price of a Fund within the PruFund Range of Funds under Condition 3.3.3.4.

(b) Adjustments of Unit Price on or between PruFund Quarter Dates

Unless the smoothing process has been suspended (see Condition 3.3.3.5), the adjustments of Unit Price(s) on or between PruFund Quarter Dates will be as follows:

- (i) If a Unit Price is adjusted in line with this Condition, no adjustment that would otherwise apply on that day in line with Condition 3.3.3.3(a) (i) will apply.
- (ii) Each Working Day, PAC calculates the average Net Asset Value Per Unit over the 5 Working Days ending with the Working Day on which PAC carries out the calculation ("the Average Net Asset Value Per Unit"). PAC also calculates the Net Asset Value Per Unit and the Unit 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 above the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be increased such that the Unit Price is then below the Net Asset Value Per Unit by the Gap After Adjustment.

- If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both below the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be reduced such that the Unit Price is then above the Net Asset Value Per Unit by the Gap After Adjustment.

(iii) For the avoidance of doubt, nothing in this Condition 3.3.3.3(b) would prevent Us from resetting the Unit Price of a Fund within the PruFund Range of Funds under Condition 3.3.3.4.

Where the Unit Price of a Fund within the PruFund Range of Funds has been adjusted in line with the above Process, You will not receive individual notification of a Unit Price adjustment. Unit Prices are available on the Company's website.

3.3.3.4 Unit Price Reset

In certain circumstances PAC may decide to reset the Unit Price of a Fund within the PruFund Range of Funds to protect the Defined Charge Participating Sub-Fund and, therefore, the interests of Our with-profits policyholders. This is likely to be when there is a large volume of money entering or leaving that Fund within the PruFund Range of Funds.

If PAC decides to reset, the Unit Price would be adjusted to be the same value as the Net Asset Value Per Unit on that Working Day. That adjusted Unit Price will then continue to grow in line with the Expected Growth Rate (subject to Conditions 3.3.3.2 to 3.3.3.5 inclusive) from the Working Day after this Unit Price Reset.

The consideration of the criteria which may lead to a Unit Price Reset applies separately to each Fund within the PruFund Range of Funds, and applies to each Fund in its entirety, encompassing all products under which Units are held in each Fund, not just the Prudential International Investment Bond (Capital Redemption Option).

You will not receive individual notification of a Unit Price Reset.

3.3.3.5 Suspension of the smoothing Process

Each currency version of a Fund has its own Unit Price. The smoothing Process described in Conditions 3.3.3.3 to 3.3.3.5 inclusive, and any decision to suspend it, applies separately to each currency version and each PruFund Type and applies to each Fund in its entirety, encompassing all products under which Units are held in those Funds, not just the Prudential International Investment Bond (Capital Redemption Option).

PAC may suspend the smoothing Process over a period of consecutive days to protect the PAC With-Profits Fund (or a sub-fund) and, therefore, the interests of Our with-profits policyholders.

On the day and each day during which the smoothing Process is suspended the Unit Price of the Fund will be the Actual Fund Value divided by the number of Units in issue. PAC will review the position at least once every 30 days, and will reinstate the smoothing Process when PAC considers it appropriate. The smoothing Process will normally remain suspended for a minimum of 30 days.

When the smoothing Process is reinstated the Unit Price will start at the previous day's Unit Price. The terms of Conditions 3.3.3.2 to 3.3.3.5 inclusive will then apply, including a daily increase in the Unit Price at the last published Expected Growth Rate set by PAC. If a PruFund Quarter Date has passed whilst the smoothing process has been suspended, PAC has the right to change the Expected Growth Rate.

Where the Unit Prices of the Funds within the PruFund Range of Funds have been adjusted in line with the above Process You will not receive individual notification of a Unit Price adjustment. Unit Prices are available on the Company's website.

3.3.4 PruFund Guarantee

The PruFund Guarantee is available to policyholders who select a PruFund Protected Fund. A Guaranteed Minimum Fund will be provided on the Guarantee Date if it is greater than the value of the PruFund Protected Fund Units held under Your Bond at the Guarantee Date. The anniversary on which the PruFund Guarantee falls will be as selected by You at outset or as determined by the PruFund Type and/or currency of PruFund Protected Fund chosen by You at outset, as appropriate. The date of the relevant anniversary, the Guarantee Date, will be determined from the initial Investment Date. The guarantee applies only at the Guarantee Date, which is shown in the Contract Schedule.

If You have not selected a PruFund Protected Fund at outset then the guarantee is unavailable to You.

The PruFund Guarantee is an integral part of a PruFund Protected Fund and cannot be removed from the Units of that Fund once Your Bond has started other than by switching out all of the value of Units held in that Fund.

We take a separate annual charge for providing the guarantee and this charge is applied to the Unit holding in the PruFund Protected Fund on a monthly basis.

The level of PruFund Guarantee Charge that applies to Your Bond is shown in the Contract Schedule. Please refer to Part 7, Condition 7.4 of these Contract Conditions for the method of application.

The PruFund Guarantee will cease to be in effect on the Bond once the Unit holding in a PruFund Protected Fund is reduced to zero. You will not be able to purchase Units of this Fund again other than by applying for a new Bond.

3.3.5 Guaranteed Minimum Fund

3.3.5.1 The Guaranteed Minimum Fund on the Guarantee Date is calculated as follows:

- (a) On the Investment Date the Guaranteed Minimum Fund is determined by applying the PruFund Guarantee Multiplier to the amount of Initial Investment invested in the PruFund Account corresponding with the PruFund Protected Fund You selected. The Guaranteed Minimum Fund at the Commencement Date will be as shown in the Contract Schedule.
- (b) The Guaranteed Minimum Fund is guaranteed in the Fund currency which may be different from the Maturity Benefit or Cash In Benefit Currency.

If this is the case then the Policyholder will be subject to exchange rate fluctuations when Benefits are taken.
- (c) The value of the Guaranteed Minimum Fund on the Guarantee Date is calculated after any Unit cancellation for Regular Withdrawals, Partial Withdrawals or Adviser Charges due on the Guarantee Date.

The Guaranteed Minimum Fund will be reduced for any deductions from a PruFund Protected Fund or the corresponding PruFund Account in respect of Fund Switches out, Partial Withdrawals, Regular Withdrawals, or Adviser Charge deductions made between the Commencement Date and the Guarantee Date. When such a deduction is made, the Guaranteed Minimum Fund is reduced in the same proportion that the amount of the Withdrawal, Adviser Charge deduction or value switched out of a PruFund Protected Fund and the corresponding PruFund Account (multiplied by the PruFund Guarantee Multiplier) bears to the value of the Units held under the Bond in that PruFund Protected Fund and the corresponding PruFund Account on the date of the Withdrawal, Adviser Charge deduction or switch.

Example:

(1) **Investment Date**

Initial value of Units held in a PruFund Protected Fund – £10,000 (rounded for simplicity). We apply the PruFund Guarantee Multiplier to the amount of Initial Investment to determine the Guaranteed Minimum Fund.

(2) **Partial Withdrawal 18 months after Investment**

As part of a Partial Withdrawal across all the Policies, the share to be provided from the PruFund Protected Fund is £1,000. Where applicable, We apply the PruFund Guarantee Multiplier shown in the Contract Schedule to the amount being withdrawn from a PruFund Protected Fund and the corresponding PruFund Account. For example if the PruFund Guarantee Multiplier was 1.01 this would be $£1,000 \times 1.01 = £1010$. Assume that the value of the Fund had grown to £10,300 on the date of Withdrawal. The proportion by which the Guaranteed Minimum Fund is reduced is $(1,010/10,300) \% = 9.805\%$. The Guaranteed Minimum Fund (originally £10,100 i.e. $£10,000 \times 1.01 = £10,100$) is therefore reduced by 9.805% to £9,109.70.

(3) **Partial Withdrawal 42 months after Investment**

As part of a Partial Withdrawal across all the Policies, the share to be provided from the PruFund Protected Fund is £2,000.

Assume that the remaining Fund value (after the previous Withdrawal) on the date of this Withdrawal had grown to £9,500. The proportion withdrawn now is therefore $(2,000 \times 1.01/9,500) \% = 21.263\%$. The Guaranteed Minimum Fund (£9,109.70) is therefore further reduced by 21.263% to £7,172.70.

(d) Please refer to Condition 3.3.6.3 of these Contract Conditions for information regarding Policyholder communications and also Condition 3.3.6.2 for details of options in the 28 days following the Guarantee Date.

3.3.6 PruFund Guarantee Processes

The Process in 3.3.6.1 below will only apply where Units are held in a PruFund Protected Fund on the Guarantee Date.

Your options at the Guarantee Date are only available where Units are already held in a PruFund Protected Fund on that date and will not depend on the calculation We carry out on the Guarantee Date under Condition 3.3.6.1. Please refer to Condition 3.3.6.2 for information regarding the options available to You.

Should the Guarantee Date not fall on a Working Day, any Unit creation and/or transaction due on the Guarantee Date will be conducted on the next Working Day that a Unit Price is available.

3.3.6.1 On the Guarantee Date We will:

- (a) calculate the value of the Units attributed to Your Bond in respect of the Unit holding in the PruFund Protected Fund You selected, after deduction of any Bond charges, Regular Withdrawals, Partial Withdrawals or Adviser Charges due from the Fund on the Guarantee Date. The Unit Price used will be that applying after any adjustments under the smoothing Process.
- (b) calculate the Guaranteed Minimum Fund on the Guarantee Date (after any adjustment in respect of any Regular Withdrawal, Partial Withdrawal or Adviser Charge due on the Guarantee Date).
- (c) compare the value of (a) with the value of (b).

If the value of (a) is less than the value of (b), Units will be added to Your Unit holding in the PruFund Protected Fund You selected so that the value of the Units attributed to that Fund on the Guarantee Date is equal to the Guaranteed Minimum Fund calculated as in (b) above.

If the value of (a) is equal to or greater than the value of (b) no Units will be added to Your Unit holding in the PruFund Protected Fund.

Whether or not there has been an adjustment to the number of PruFund Protected Fund Units held, We will switch all Units from the PruFund Protected Fund to the PruFund Non-Protected Fund of the same currency and PruFund Type.

If on the Guarantee Date Units are already held in a PruFund Non-Protected Fund (or corresponding Account) of a different currency version of the same PruFund Type as the PruFund Protected Fund, that existing PruFund Non-Protected Fund will become the receiving Fund for the switch. This switch will be via the corresponding PruFund Account.

3.3.6.2 Guarantee Date options

In the 28 days following the Guarantee Date You can choose from the following:

- (a) accept the automatic switch from the PruFund Protected Fund to the PruFund Non-Protected Fund (referred to in Condition 3.3.6.1) that took place on the Guarantee Date.
- (b) fully switch out all Units from the PruFund Non-Protected Fund to Fund(s) You choose, without a 28 day transaction delay. This switch will include any Units held in the corresponding Account as the Fund is to be exhausted.

Where You choose to switch Units from the receiving PruFund Non-Protected Fund or Fully Cash In Your Bond in the 28 days following the PruFund Guarantee Date the 28 day transaction delay will not apply if it is ordinarily being applied. We will cancel Units on the Date of Receipt of the correctly completed relevant transaction request forms at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive the correctly completed relevant transaction request forms at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the correctly completed relevant transaction request forms after 12 noon on a Working Day or they are received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the value of the cancelled Units is that applicable on the Date of Receipt of the correctly completed relevant transaction request forms, the Unit value will not be known before the Date of Receipt is determined and the Unit Price for that Date of Receipt is calculated.

A request to Fully Cash In the Bond within 28 days of the Guarantee Date will override any pending Full Cash In or Partial Withdrawal requests that are subject to the 28 day delay if it is ordinarily being applied.

You should be aware that on the date that the switch out or cash in request is carried out, the Unit value on the switch or cash in date may be lower than it was on the Guarantee Date. This may result in a lower Unit value being switched or cashed in.

3.3.6.3 Policyholder communication

If You hold Units of a PruFund Protected Fund under Your Bond, You will receive a written communication in advance of the Guarantee Date to outline Your options in the 28 days following the Guarantee Date. We will write to You as soon as reasonably practicable if on the Guarantee Date, the PruFund Guarantee had to be applied to the value of Your Unit holding in the Fund to restore the Guaranteed Minimum Fund. We will also write to inform You if the PruFund Guarantee did not have to be applied.

3.4 Switching between Funds

3.4.1 Switches – all Funds but with additional rules for the PruFund Range of Funds in Condition 3.4.2 below

You may ask Us to switch Units between Funds, that is to cancel some or all of Your Units of one Fund and to replace them with Units of any other Fund or Funds chosen by You from the Funds then available for Your Bond.

We use the value of the cancelled Units to credit replacement Units. The value will be:

- converted to the Base Fund Currency of the replacement Fund, where appropriate; and
- reduced to meet the charges referred to in Part 7, Condition 7.3 of these Conditions.

When carrying out a switch, the Unit Prices used to determine the value of the cancelled Units will be those that apply on the Date of Receipt of the correctly completed written instruction to switch (which will include a scanned copy of the instruction by e-mail, a facsimile transmission or any other method that We will accept at

the time) at Our Administration Centre in Ireland. If We receive the correctly completed written instruction to switch at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the correctly completed written instruction to switch after 12 noon on a Working Day or it is received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the value of the cancelled Units is that applicable on the Date of Receipt of the correctly completed written instruction to switch, the Unit value will not be known before the Date of Receipt of the correctly completed written instruction to switch is determined and the Unit Price for that Date of Receipt is calculated.

We will not switch any Units to or from any Fund if, in the opinion of the Actuary, this would adversely affect the interest of other policyholders of the Company.

We will not switch Units:

- if this would result in Units being held in more than ten Funds.
- into a Fund which is no longer available for investment.
- into any Fund from the PruFund Range of Funds if it takes You over the Current maximum level allowed as published by Us at the time of the switch.

This Condition is subject to any delay that may be required under Part 8, Condition 8.6.2. We will inform You if such a delay occurs.

You may at any time request information regarding Your switch request from Our Administration Centre in Ireland.

Please refer to the "Other Charges and Limits" section of Your Statement of Charges for information regarding discretionary switch fees.

If You are taking Regular Withdrawals from one or more specified Funds and You wish to switch from any specified Fund(s), You must give Us a new Regular Withdrawal instruction to tell Us which Fund(s) future Regular Withdrawals are to be deducted from.

3.4.2 Switches – additional rules for the PruFund Range of Funds

In addition to the general rules for switches in Condition 3.4.1 above, discretionary switches of Units into or out of the PruFund Range of Funds are subject to the following additional rules.

We will not:

- switch Units directly out of a PruFund Account by request except as allowed under Condition 3.3.6.2.
- switch Units from any other Fund into a PruFund Protected Fund.
- switch Units if the number of switches into (when permitted) or out of a Fund from the PruFund Range of Funds exceeds one switch between PruFund Quarter Dates. One switch will mean either a discretionary switch into or out of a Fund from the PruFund Range of Funds but not one of each.
- switch Units before the mandatory 28 day delay has elapsed from receipt of Your completed instruction at Our Administration Centre in Ireland for switches out of any Fund from the PruFund Range of Funds except as part of exercising a PruFund Guarantee Date Option. Please see Part 8, Condition 8.6.5 and Condition 3.3.6.2.
- switch Units directly into a PruFund Non-Protected Fund without switching via the corresponding PruFund Account unless the switch is from a PruFund Protected Fund to a PruFund Non-Protected Fund of the same currency and PruFund Type. The 28 day delay will not be enforced in this instance.
- allow You to retract Your switch request into or out of the PruFund Range of Funds once it has been accepted at Our Administration Centre in Ireland but You may change the destination Fund choice unless the destination Fund is a Fund from the PruFund Range of Funds.

If You are fully switching out of a PruFund Non-Protected Fund within 28 days of a Guarantee Date please refer to Condition 3.3.6.2.

Warning: Switches out of a PruFund Protected Fund will erode the Guaranteed Minimum Fund.

We will confirm to You in writing as soon as reasonably possible when Your switch request has been received and again at each stage when it has been completed.

You may at any time request information regarding Your switch request from Our Administration Centre in Ireland.

3.4.2.1 Timing of switches and Unit Prices

(a) General

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

- delays may occur if We have invoked Our powers to delay buying and selling Units in Part 8, Condition 8.6.2; or
- a 28 day delay applies to switches from Funds within the PruFund Range of Funds as set out in Condition 3.3.2.3, except where:
 - (i) switching between the PruFund Protected Fund and PruFund Non-Protected Funds of the same currency and PruFund Type; or
 - (ii) switching out of a PruFund Protected Fund on a Guarantee Date; or
 - (iii) fully switching from a PruFund Non-Protected Fund and the corresponding PruFund Account in the 28 days following the Guarantee Date, on which date Units are switched into the relevant PruFund Non-Protected Fund – see Condition 3.3.6.2.

(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 Unit Prices for the Working Day We treat the request as having been received by Us under Condition 3.4.1 or where appropriate Condition 3.3.6.2:

- switches between Unit-Linked Funds; or
- switches between Funds of the same currency and PruFund Type within the PruFund Range of Funds; or
- switches from a Unit-Linked Fund to a PruFund Account; or
- the automatic switch from a PruFund Protected Fund on a Guarantee Date; or
- switches from a PruFund Non-Protected Fund as described in 3.3.6.2(b).

A delay may apply if We have invoked Our powers in Part 8, Condition 8.6.2.

(c) Delayed switches

There will generally be a delay for full switches from a Fund within the PruFund Range of Funds to:

- another Fund within the PruFund Range of Funds of a different currency and/or PruFund Type (subject to exceptions described above); and/or
- Unit-Linked Funds.

Where switching from a Fund within Our PruFund Range of Funds to a Unit-Linked Fund, the switch (or that part of the switch) will take place at the end of the 28 day delay as described in Part 8, Condition 8.6.5, subject to any further delays under Part 8, Condition 8.6.2, using the Unit Prices that apply when the Units are cashed in.

This does not apply if a request to switch out of a receiving PruFund Non-Protected Fund that was automatically switched into on the Guarantee Date is treated as received by Us in the 28 days following the Guarantee Date (see Condition 3.3.6.2).

In this case, the switch is carried out in accordance with Condition 3.4.2.1(b).

See also Condition 3.4.2.2(e) which explains how switching from a Fund within the PruFund Range of Funds works where Units are held under the Bond in the corresponding PruFund Account.

(d) **Multiple Fund Switches**

(i) This Condition explains how We carry out switches where the switch request involves switches involving more than two Funds – known as “**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 Condition 3.4.2.1(d)(v).

In this Condition, the Funds to which Units are to be switched are called “destination” Funds.

(ii) When carrying out a Multiple Fund Switch, We determine the percentage of Units to be cancelled from each Fund in which Units are currently held, according to Your switch request.

(iii) Your switch request will either state:

- that You wish to switch out of all of one or more Funds currently invested in under Your Bond and the percentage of Units to be held under the Bond in each destination Fund following the switch; or
- the percentage(s) of Units You wish to cancel from one or more specified Funds in which Units are currently held under Your Bond, and percentage of the resulting value to be used to purchase Units of one or more specified destination Fund(s).

(iv) If all of the requested switches in a Multiple Fund Switch fall within Condition 3.4.2.1(b), they are Processed as one single immediate switch as described in Condition 3.4.2.1(b).

(v) Multiple Fund Switch requests that fall within both of Conditions 3.4.2.1 (b) and (c) are carried out as described below.

- **Firstly:** If the request involves switching from one Fund within the PruFund Range of Funds to another Fund of the same currency and the same PruFund Type, We first of all carry out this part of the switch in accordance with Condition 3.4.2.1(b). We switch the maximum amount possible between these Funds.
- **Secondly:** We then carry out any remaining part of the request which qualifies as an immediate switch under Condition 3.4.2.1(b) (i.e. switches from the Unit-Linked Funds). The proceeds of selling the Units of those other Funds are credited proportionately between the destination Funds in accordance with Condition 3.4.2.1(b).
- **Thirdly:** We switch any amount remaining to be switched from a Fund within the PruFund Range of Funds where Condition 3.4.2.1(c) applies or where the 28 day delay applies. At the end of the 28 day delay, We cancel the relevant percentage of the value of Units of the relevant PruFund Non-Protected Fund and/or PruFund Protected Fund and credit the proceeds proportionately between the requested Funds in accordance with Condition 3.4.2.1(c) at the Unit Prices then applicable.

(vi) Only one switch fee will apply (where relevant) in the case of Multiple Fund Switches.

(vii) See also Condition 3.4.2.2 (e) which explains the effect on a Multiple Fund Switch involving a switch from a Fund within the PruFund Range of Funds.

3.4.2.2 Switches to and from a Fund within the PruFund Range of Funds

- (a) As stated in Condition 3.4.2 switch requests from any Fund into a PruFund Protected Fund are not allowed at any time.
- (b) As stated in Condition 3.4.2, switch requests out of a PruFund Account are not allowed at any time unless under an exception in Condition 3.3.6.2.
- (c) A maximum of one switch request involving a Fund within the PruFund Range of Funds is allowed in each period starting on a PruFund Quarter Date and ending on the day before the next PruFund Quarter Date. Condition 3.3.2.3 explains when We treat a switch request as received for this purpose.
- (d) Switches to a Fund within the PruFund Range of Funds may also be refused or restricted under Condition 3.5.
- (e) This Condition 3.4.2.2(e) does not apply when switching from a PruFund Non-Protected Fund in the 28 days following the Guarantee Date. See Condition 3.3.6.2.

Where You request a switch from a Fund within the PruFund Range of Funds under Condition 3.4.2.1 and there are also Units of the corresponding PruFund Account under the Bond We will carry out Your request as follows.

At the end of the 28 day delay under Condition 3.3.2.3 We apply the percentage of value You specified in Your Fund Switch request to the then number of Units held under the Bond in the selected PruFund Non-Protected Fund or PruFund Protected Fund. We cancel the Units at the Unit Price at that time. The value actually cancelled will be limited to the percentage of the Units of the relevant Fund only.

3.5 Eligibility to invest in the PruFund Range of Funds and to remain in those Funds

UK tax legislation will affect Our assessment of whether:

- You are eligible to invest in Our PruFund Range of Funds at the start of Your Bond;
- You are eligible to switch into Our PruFund Range of Funds (if entering those Funds for the first time); and
- any changes in circumstances may affect Your ability to remain in Our PruFund Range of Funds.

The legislation may change from time to time. If We assess that Your continued Investment in a Fund within the PruFund Range of Funds will bring about adverse tax results for that Fund, We will switch the value of any Units held under the Bond in that Fund within the PruFund Range of Funds to a deposit Fund (or another Fund Our Actuary considers to be suitable if that Fund is not available at the time) as part of Our standard practice. We will then contact You and give details of Our other Funds available for You to switch into at the time.

The purpose of transferring the value of these Units to a deposit Fund is to protect their value as far as possible whilst You decide what course of action to take.

Part 4: Cash In Benefits

Before We pay any Cash In Benefit from Your Bond, We require an Acceptable Instruction specific to the type of cash in transaction required. Specific cash in forms are available on request from Our Administration Centre in Ireland. Your written instruction must be sent to Our Administration Centre in Ireland.

4.1 Regular Withdrawals

4.1.1 Availability

You can ask for Regular Withdrawals to be made out of Your Bond at any time. If You wish to take Regular Withdrawals, please complete the Regular Withdrawal Request Form which is available from Our Administration Centre in Ireland.

We will only accept a new or revised instruction for Regular Withdrawals which, together with any Ongoing Adviser Charges, meet the limits in Condition 4.6.

4.1.2 Administration

You may choose to have Regular Withdrawals made every:

- month; or
- 3 months; or
- 6 months; or
- 12 months.

We will spread each Regular Withdrawal evenly across all the Policies. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any necessary rounding) every time a Regular Withdrawal is made.

You may ask for the value of Regular Withdrawals to be based on one of the following:

- (a) a specified monetary amount; or
- (b) a percentage of Your Initial Investment and any Additional Investments paid into the Bond; or
- (c) a percentage of the value of the Units held under Your Bond.

You may select the Fund(s) from which Regular Withdrawals will be taken. See Condition 4.1.4 for more details.

The rules for deducting Ongoing Adviser Charges from Funds are different. Please see Part 5, Condition 5.2.3 for further details.

We will confirm to You in writing as soon as reasonably practicable when Your request to set up a Regular Withdrawal facility has been completed. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

Any Regular Withdrawals deducted:

- will reduce the value of any subsequent Annual Investment Reward that may apply to Your Bond. See Part 2, Condition 2.4;
- from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5; and
- will reduce the Guaranteed Maturity Value. See Part 6, Condition 6.2.

4.1.3 Effective Start Date of Regular Withdrawals

(a) If You wish to specify a date for the first Regular Withdrawal from Your Bond, that date must be at least 30 days from:

- the Investment Date, if the Regular Withdrawal instruction is made as part of the initial Bond application or is made subsequently; or
- the Additional Investment Date, if the Regular Withdrawal instruction is made as part of an Additional Investment application;

as appropriate.

(b) If You do not specify a date for the first Regular Withdrawal, the Effective Start Date of Regular Withdrawals will determine when the first Regular Withdrawal will be deducted from Your Bond. The “Effective Start Date of Regular Withdrawals” set up:

- as part of the initial Bond application or an Additional Investment application, will be the Investment Date or Additional Investment Date, as appropriate.
- subsequently, using an Acceptable Instruction, will be the Working Day We receive Your instruction at Our Administration Centre in Ireland.

We deduct the first Regular Withdrawal in arrears from the Effective Start Date of Regular Withdrawals. For example if, as part of Your initial Bond application, You ask for Regular Withdrawals to be made every 3 months and You do not specify a date for the first Regular Withdrawal, We will make the first deduction 3 months after the Investment Date of Your Bond.

The date You specify for the first Regular Withdrawal or, if that date is not specified the Effective Start Date of Regular Withdrawals, as appropriate, will determine their Regular Cancellation Date.

4.1.4 Cancelling Units for Regular Withdrawals

When the Policies are Partially Cashed In to provide a Regular Withdrawal, We reduce the number of Units held under the Policies on the Regular Cancellation Date, by cancelling the number of Units equal in value to the amount of the Regular Withdrawal.

Where there have been two or more Investments credited to the Bond, We will cancel the Units in proportion to the Units held under Your Bond relating to each Investment.

If Your Bond is linked to two or more Funds and:

- (a) You specify Fund(s), other than a PruFund Protected Fund or the corresponding PruFund Account, from which Regular Withdrawals are to be taken, We will cancel Units in proportion to the value of Units held under the Bond in each specified Fund on the Regular Cancellation Date. If the value of the specified Fund(s) fall(s) below the amount of a Regular Withdrawal, We will cancel Units proportionately from the remaining Fund(s) held under the Bond on the Regular Cancellation Date.

Where the remaining Fund(s) include(s) a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units proportionately from the remaining Fund(s) held under the Bond, excluding the PruFund Protected Fund or the corresponding PruFund Account. We will only cancel Units from a PruFund Protected Fund and the corresponding PruFund Account where the value of Units held in other remaining Fund(s) on the Regular Cancellation Date is insufficient to meet the full amount of a Regular Withdrawal.

- (b) You specify Fund(s) including a PruFund Protected Fund or the corresponding PruFund Account, from which Regular Withdrawals are to be taken, We will cancel Units in proportion to the value of Units held under the Bond in each specified Fund including the PruFund Protected Fund and the corresponding PruFund Account, as appropriate, on the Regular Cancellation Date.

If the value of the specified Fund(s) fall(s) below the amount of a Regular Withdrawal, We will cancel Units proportionately from the remaining Fund(s) held under the Bond.

- (c) You do not specify the Fund(s) from which Regular Withdrawals are to be taken, We will cancel Units from all Funds linked to the Bond in proportion to the value of Units held under the Bond in each Fund on the Regular Cancellation Date as described below.

If Your Bond:

- (i) is linked to one or more Funds, excluding a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units in proportion to the value of Units held under the Bond in each Fund;
- (ii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and no other Fund(s), We will cancel Units from the value of Units held in that PruFund Protected Fund or the corresponding PruFund Account;

(iii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and one or more other Funds, We will normally cancel Units from all Funds linked to the Bond in proportion to the value of Units held under the Bond in each Fund, excluding a PruFund Protected Fund or the corresponding PruFund Account, on the Regular Cancellation Date. We will only deduct Units from a PruFund Protected Fund or the corresponding PruFund Account in relation to a Regular Withdrawal where the value of Units held in all other Funds is insufficient to meet the full amount of a Regular Withdrawal.

We will not write to tell You where under (a), (b) or (c) above We have to start cancelling Units from:

- a PruFund Protected Fund or the corresponding PruFund Account; or
- any other remaining Fund, of which Units are held under the Bond;

but this will be reflected in the next valuation statement that We send to You after that point.

Payment of Regular Withdrawals is subject to any delay that may be required under Part 8, Condition 8.6.2.

4.1.5 Special conditions applying to the PruFund Range of Funds

Regular Withdrawals from a Fund within the PruFund Range of Funds:

- may be taken from Units held in the corresponding PruFund Account pending automatic switch into the selected PruFund Non-Protected Fund or PruFund Protected Fund on the PruFund Quarter Date and thereafter from the relevant Fund; and
- are not subject to the 28 day delay referred to in Part 3, Condition 3.3.2.3.(c).

Regular Withdrawals from a PruFund Protected Fund and/or its corresponding Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5.

4.2 Partial Withdrawals

4.2.1 Availability

You can ask for a Partial Withdrawal out of Your Bond at any time. If You wish to take a Partial Withdrawal please complete the Partial or Full Cash In Request Form which is available from Our Administration Centre in Ireland.

We will only accept an instruction for a Partial Withdrawal under Condition 4.2.2(a) if the relevant limits in Condition 4.6 are met.

4.2.2 Administration

We can provide a Partial Withdrawal by:

- (a) Partially Cashing In all the Policies in the Bond. On this basis the cash in value of each Policy will be reduced by a similar or identical amount (allowing for any necessary rounding).

You may tell Us to cancel Units from one or more Funds within Your Bond to meet Your request. We will only allow a Partial Withdrawal if the rules in Condition 4.6 are met; or

- (b) Fully Cashing In one or more of the Policies in the Bond (this will result in the number of Policies in the Bond being reduced).

Alternatively You may ask Us to provide a Partial Withdrawal through a combination of (a) and (b), so that part of the Withdrawal is provided by Fully Cashing In one or more of the Policies and the rest of the Withdrawal is provided by Partially Cashing In the remaining Policies.

An Acceptable Instruction to take a Partial Withdrawal under (a) or (b) above will be effective on the Date of Receipt at Our Administration Centre in Ireland. See Conditions 4.3.2 and 4.4.2.

A Partial Withdrawal deducted:

- will reduce the value of any subsequent Annual Investment Reward that may apply to Your Bond. See Part 2, Condition 2.4;

- from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5; and
- will reduce the Guaranteed Maturity Value. See Part 6, Condition 6.2.

4.2.3 Which basis?

The Partial or Full Cash In Request Form allows You to tell Us which of the options in Condition 4.2.2 above You prefer.

If You ask for a specific amount and (b) alone does not meet the amount You require for the Part Withdrawal, We will carry out (b) first and then, with effect from the next available Working Day, We will carry out (a) for the balance of the Partial Withdrawal amount required.

If You don't tell Us which method to use, We will carry out a Partial Withdrawal out of the Bond on the basis of (a) above.

4.2.4 Effect of Partial Withdrawals on Adviser Charges

If You take a Partial Withdrawal from Your Bond:

- this may reduce the value of deductions for Ongoing Adviser Charges. For further details see Part 5, Condition 5.2.2.9;
- We will test the level of Adviser Charge deductions from Your Bond against the limit We describe in Part 5, Condition 5.4.2.

4.3 Partial Withdrawals – by Partially Cashing In all the Policies

4.3.1 Partial Cash In definitions

In this Condition “Partial Withdrawal” means a sum provided by Partially Cashing In the Policies and “Policies” does not include Policies which have been Fully Cashed In before the Partial Withdrawal.

4.3.2 Cancelling Units when Partially Cashing In all Policies

When the Policies are Partially Cashed In to provide a payment out of the Bond, We normally reduce the number of Units held under the Policies by cancelling the number of Units equal in value to the amount of the Partial Withdrawal on the Date of Receipt of an Acceptable Instruction at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or it is received on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the partial cash in value is that applicable on the Date of Receipt of an Acceptable Instruction, the partial cash in value will not be known before the Date of Receipt of the Acceptable Instruction is determined and the Unit Price for that Date of Receipt is calculated.

Where two or more Investments have been paid into the Bond, We will cancel Units in proportion to the value of Units relating to each Investment. Where the Bond is linked to two or more Funds and:

- (a) You specify the Fund(s), other than a PruFund Protected Fund or the corresponding PruFund Account, from which the Partial Withdrawal is to be taken, We will cancel Units in proportion to the value of the Units held under the Bond in each specified Fund on the Date of Receipt described in Condition 4.3.2. If the value of Units held in the specified Fund(s) is below the amount of Partial Withdrawal, We will cancel Units proportionately from the remaining Fund(s) held under the Bond.

Where the remaining Fund(s) include(s) a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units proportionately from the remaining Fund(s) held under the Bond, excluding the PruFund Protected Fund or the corresponding PruFund Account. We will only cancel Units from a PruFund Protected Fund and the corresponding PruFund Account where the value of Units held in other remaining Fund(s) is insufficient to meet the full amount of Partial Withdrawal requested.

- (b) You specify Fund(s) including a PruFund Protected Fund or the corresponding PruFund Account, from which the Partial Withdrawal is to be taken, We will cancel Units in proportion to the value of Units held under the Bond in each specified Fund including the PruFund Protected Fund and the corresponding PruFund Account, as appropriate, on the Date of Receipt described in Condition 4.3.2. If the value of the specified Fund(s) fall(s) below the amount of a Partial Withdrawal, We will cancel Units proportionately from the remaining Fund(s) held under the Bond.
- (c) You do not specify the Fund(s) from which Units are to be cancelled, We will cancel Units from all Funds linked to the Bond in proportion to the value of the Units held under the Bond in each Fund on the Date of Receipt described in Condition 4.3.2, as described below.

If Your Bond:

- (i) is linked to one or more Funds, excluding a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units in proportion to the value of Units held under the Bond in each Fund;
- (ii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and no other Fund(s), We will cancel Units from the value of Units held in that PruFund Protected Fund or the corresponding PruFund Account;

- (iii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and one or more other Funds, We will normally cancel Units from all Funds linked to the Bond in proportion to the value of Units held under the Bond in each Fund, excluding a PruFund Protected Fund or the corresponding PruFund Account, on the Date of Receipt described in Condition 4.3.2.

We will only deduct Units from a PruFund Protected Fund or the corresponding PruFund Account in relation to a Partial Withdrawal where the value of Units held in all other Funds is insufficient to meet the full amount of a Partial Withdrawal.

We will not write to tell You where under (a), (b) or (c) above We have to cancel Units from:

- a PruFund Protected Fund or the corresponding PruFund Account; or
- any other remaining Fund, of which Units are held under the Bond;

but this will be reflected in the next valuation statement that We send to You after that point.

Payment of the Cash In Benefit under this Condition is subject to any delay that may be required under Part 8, Condition 8.6.2

4.3.3 Special conditions applying to the PruFund Range of Funds

Partial Withdrawals by Partially Cashing In Policies in the Bond from a PruFund Protected Fund will erode the Guaranteed Minimum Fund.

If the discretionary 28 day delay has been applied (see Part 3, Condition 3.3.2.3(b)), Units will be cashed in subject to the 28 day delay after the receipt of Your written instruction at Our Administration Centre in Ireland. This means that where Your Investment is held in any additional Funds, You may receive the proceeds from the PruFund Range of Funds after those additional Funds have been realised.

Where this is the case, the Unit Price on the date of the transaction at the end of the delay period may be different to the Unit Price on the date that We received Your request. This means that the Unit value of the transaction may be higher or lower than on the day We received Your instruction.

If We receive an Acceptable Instruction for a Partial Withdrawal (to be carried out as described in Condition 4.3.2 above) at Our Administration Centre in Ireland, You cannot retract that instruction during the period when the 28 day delay is in force.

We will confirm to You in writing as soon as reasonably practicable when Your Partial Withdrawal request has been received and again at each stage of its completion. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

4.4 Partial Withdrawal – by Fully Cashing In one or more Policies

4.4.1 Fully Cashing In – definition

In this Condition, “Fully Cashing In” means the full cashing in of a Policy. The Policy ends when it is Fully Cashed In.

4.4.2 Cash in value

When a Policy is Fully Cashed In (a) and (b) below will both apply:

- (a) We will cancel Units held under the Policy on the Date of Receipt of an Acceptable Instruction at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive an Acceptable Instruction at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the cancellation value is that applicable on the Date of Receipt of an Acceptable Instruction, the cancellation value will not be known before the Date of Receipt of the Acceptable Instruction is determined and the Unit Price for that Date of Receipt is calculated.

- (b) no other Benefits or Adviser Charges will be payable under that Policy.

Payment of the Cash In Benefit under this Condition is subject to any delay that may be required under Part 8, Condition 8.6.2.

4.4.3 Special conditions applying to the PruFund Range of Funds

Partial Withdrawals by Fully Cashing In Policies in the Bond from a PruFund Protected Fund will erode the Guaranteed Minimum Fund.

If the discretionary 28 day delay has been applied (see Part 3, Condition 3.3.2.3(b)), Units will be cashed in subject to the 28 day delay after the receipt of Your written instruction at Our Administration Centre in Ireland. This means that where Your Investment is held in any additional Funds, You may receive the proceeds from the PruFund Range of Funds after those additional Funds have been realised.

Where this is the case, the Unit Price on the date of the transaction at the end of the delay period may be different to the Unit Price on the date that We received Your request. This means that the Unit value of the transaction may be higher or lower than on the day We received Your instruction.

If We receive an Acceptable Instruction for a Partial Withdrawal (to be carried out as described in Condition 4.4.2 above) at Our Administration Centre in Ireland, You cannot retract that instruction during the period when the 28 day delay is in force.

We will confirm to You in writing as soon as reasonably practicable when Your Partial Withdrawal request has been received and again at each stage of its completion. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

4.5 Fully Cashing In the Bond

4.5.1 Fully Cashing In – definition

In this Condition “Fully Cashing In” means Fully Cashing In all the Policies in the Bond. The Bond ends when it is Fully Cashed In.

4.5.2 Administration

When the Bond is Fully Cashed In:

- We cancel all Units held under the Bond; and
- We will pay the cash in value of the Bond; and
- No other Benefits or Adviser Charges will be payable under the Bond.

If You wish to Fully Cash In Your Bond, please complete the Partial or Full Cash In Request Form which is available from Our Administration Centre in Ireland.

An Acceptable Instruction to Fully Cash In the Bond will be effective on the Date of Receipt at Our Administration Centre in Ireland. See Condition 4.5.3 below.

The Annual Investment Reward will no longer apply after the Bond is Fully Cashed In. See Part 2, Condition 2.4.2 for further details.

4.5.3 Cash in value

The cash in value will be the value of the Units held under the Bond that We cancel on the Date of Receipt of an Acceptable Instruction at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt.

If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the cash in value is that applicable on the Date of Receipt of an Acceptable Instruction, the cash in value will not be known before the Date of Receipt of the Acceptable Instruction is determined and the Unit Price for that Date of Receipt is calculated.

Payment of the Cash In Benefit under this Condition is subject to any delay that may be required under Part 8, Condition 8.6.2.

4.5.4 Special conditions applying to the PruFund Range of Funds

If the discretionary 28 day delay has been applied (see Part 3, Condition. 3.3.2.3(b)), Units will be cashed in subject to the 28 day delay after the receipt of Your written instruction at Our Administration Centre in Ireland. This means that where Your Investment is held in any additional Funds, You may receive the proceeds from the PruFund Range of Funds after those additional Funds have been realised.

Where this is the case, the Unit Price on the date of the transaction at the end of the delay period may be different to the Unit Price on the date that We received Your request. This means that the Unit value of the transaction may be higher or lower than on the day We received Your instruction.

If We receive an Acceptable Instruction to Fully Cash In the Bond at Our Administration Centre in Ireland, You cannot retract that instruction during the period when the 28 day delay is in force.

We will confirm to You in writing as soon as reasonably practicable when Your Full Cash In request has been received and again at each stage of its completion. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

Please refer to Part 3, Condition 3.3.6.2 if You are Fully Cashing In the Bond within 28 days following a Guarantee Date.

4.6 Limits for Withdrawals

4.6.1 Maximum Regular Withdrawals at the start of an instruction

We will not accept a new instruction for Regular Withdrawals which together with Ongoing Adviser Charges would in total exceed Our limits regarding the percentage of Units to be cancelled during any 12 month period. See the Statement of Charges for more information on limits.

See also Part 5, Condition 5.4.1.

The limits will also apply to any later instruction to:

- (a) change the level of Regular Withdrawals; and/or
- (b) change the level of Ongoing Adviser Charges – see Part 5, Condition 5.4; and/or
- (c) re-start Regular Withdrawals; and/or
- (d) re-start Ongoing Adviser Charges – see Part 5, Condition 5.4.

The limits will be as published by Us in the Statement of Charges.

4.6.2 Minimum value requirements

Minimum value requirements in Condition 4.6.2.1 apply to:

- Regular Withdrawals, refer to Condition 4.1; and
- Partial Withdrawals by Partially Cashing In all the Policies in the Bond refer to Condition 4.3.

They do not apply to Partial Withdrawals achieved by Fully Cashing In a Policy. See Condition 4.4.

The requirements of Condition 4.6.2.2 apply to Withdrawals and/or Adviser Charges deducted from Your Bond.

4.6.2.1 Minimum Withdrawals

Where You are taking

- Regular Withdrawals; or
- a Partial Withdrawal by Partially Cashing In all Policies;

each payment must not be less than Our minimum limit at the time You request the Withdrawal.

The minimum limits for Regular or Partial Withdrawals at the start of Your Bond are as shown in the Statement of Charges issued to You at the start of Your Bond. We will normally review charges and limits expressed as a monetary amount in January each year.

4.6.2.2 Minimum remaining Fund value

The value of the remaining Units held under the Bond must be above Our minimum value both before and after any Withdrawal or Adviser Charge is deducted from Your Bond.

Where the deduction of any:

- Regular Withdrawal (tested at the start of a new or revised instruction); or
- Partial Withdrawal; or
- Ongoing Adviser Charge (tested at the start of a new or revised instruction); or
- Ad hoc Adviser Charge;

would result in the remaining value of the Bond being less than Our minimum remaining Fund value the following courses of action are available.

You must either:

- instruct Us to change the amount of the Regular Withdrawal, Partial Withdrawal or Adviser Charge deduction, subject to Our minimum limits for Withdrawals at that time; or
- Fully Cash In Your Bond.

The minimum remaining Fund value limit at the start of Your Bond is shown in the Statement of Charges issued to You at the start of Your Bond. We will normally review charges and limits expressed as a monetary amount in January each year.

Part 5: Paying Adviser Charges from Your Bond

5.1 Adviser Charges

Any payments You agree to make to Your Financial Adviser can be funded from the Bond through one or more deductions known as Adviser Charges.

We will only deduct Adviser Charges from Your Bond and make payment to Your Financial Adviser if You instruct Us to do so.

To pay the agreed amount of Adviser Charge, We cancel the appropriate value of Units from the Bond and pay the corresponding amount to Your Financial Adviser.

There are two types of Adviser Charge that You can pay from Your Bond:

- Ongoing Adviser Charges – see Condition 5.2 below; and
- Ad hoc Adviser Charges – see Condition 5.3 below.

You can select any combination of Adviser Charges for Your Bond.

You can only instruct Us to set up Adviser Charges from Your Bond:

- as part of the Bond application; or
- as part of an Additional Investment application; or
- under a subsequent Adviser Charge Instruction Form.

For Adviser Charges, these are known as “Acceptable Instructions” – see Part 1, Condition 1.1.

Note: These forms include important information.

The Adviser Charge Instruction Form is available from Our Administration Centre in Ireland or Your Financial Adviser.

You can only specify one Financial Adviser at any one point in time, in relation to Your Bond. See Condition 5.2.2.5 which explains what happens to Ongoing Adviser Charges if You appoint a new Financial Adviser or if there is a change in Financial Adviser as described in Condition 5.2.2.6.

Your Acceptable Instruction must be sent to Our Administration Centre in Ireland.

5.2 Ongoing Adviser Charges

5.2.1 Availability

You can ask Us at any time to start Ongoing Adviser Charges. An Ongoing Adviser Charge is an Adviser Charge deducted from the Bond and payable to Your Financial Adviser at regular intervals throughout the duration of the Bond.

We will only accept a new or revised instruction for the deduction of Ongoing Adviser Charges if the limits in Condition 5.4 are met.

5.2.2 Administration

You may choose to have Ongoing Adviser Charges paid from Your Bond every:

- month; or
- 3 months; or
- 6 months; or
- 12 months.

You may ask for the value of Ongoing Adviser Charge deductions to be based on:

- (a) a specified monetary amount; or
- (b) a percentage of Your Initial Investment and any Additional Investments paid into the Bond; or
- (c) a percentage of the total value of the Units held under Your Bond.

We will spread each Ongoing Adviser Charge deduction evenly across all the Policies. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any necessary rounding) every time an Ongoing Adviser Charge deduction is made.

Please note that We will not always deduct the value of an Ongoing Adviser Charge from all Funds held under the Bond. For further details please see Condition 5.2.3.

Any Ongoing Adviser Charges deducted:

- will reduce the value of any subsequent Annual Investment Reward that may apply to Your Bond. See Part 2, Condition 2.4;
- from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5;
- will reduce the Guaranteed Maturity Value. See Part 6, Condition 6.1.

We will confirm to You in writing as soon as reasonably practicable when Your request to set up Ongoing Adviser Charges has been completed. You may at any time ask for information regarding Your request from Our Administration Centre in Ireland.

5.2.2.1 Effective Start Date of Ongoing Adviser Charges

If Ongoing Adviser Charge deductions are first set up:

- (a) as part of the initial Bond application or an Additional Investment application, You may:

- specify the number of months You wish to delay the start of Ongoing Adviser Charge deductions from Your Bond.

Such a delay may be up to a maximum of 60 months, from the Investment Date or Additional Investment Date, as appropriate. The “Effective Start Date of Ongoing Adviser Charges” will be the day immediately following the end of the period of delay. We pay Ongoing Adviser Charges in arrears from the Effective Start Date of Ongoing Adviser Charges.

For example, as part of Your initial Bond application You ask Us to make Ongoing Adviser Charge deductions from Your Bond every 3 months, delayed for 24 months. The Effective Start Date of Ongoing Adviser Charges will be the day after the end of the 24 month period of delay from the Investment Date. We will then make the first Ongoing Adviser Charge deduction 3 months after the Effective Start Date of Ongoing Adviser Charges. This means We will deduct the first Ongoing Adviser Charge from Your Bond 27 months after the Investment Date.

- choose not to specify a period of delay for the start of Ongoing Adviser Charge deductions from Your Bond. The first Ongoing Adviser Charge deduction will be made in arrears following the Effective Start Date of Ongoing Adviser Charges. The “Effective Start Date of Ongoing Adviser Charges” will be the Investment Date or Additional Investment Date, as appropriate.

- (b) using a subsequent Acceptable Instruction, the “Effective Start Date of Ongoing Adviser Charges” will be within Working Days of receipt of Your Acceptable Instruction at Our Administration Centre in Ireland. We will make the first Ongoing Adviser Charge deduction in arrears following the Effective Start Date of Ongoing Adviser Charges.

For example, on an Adviser Charge Instruction Form You ask for Ongoing Adviser Charge deductions from Your Bond every 6 months. We will make the first deduction 6 months from the Effective Start Date of Ongoing Adviser Charges.

The Effective Start Date of Ongoing Adviser Charges, will determine their Regular Cancellation Date.

See Condition 5.2.2.7 for the Effective Date of Change to Adviser Charges.

5.2.2.2 Date when Ongoing Adviser Charges stop

Ongoing Adviser Charges continue to be deducted and paid to Your Financial Adviser until the earlier of the following:

- (a) the date that there are insufficient Units held under the Bond to meet an Ongoing Adviser Charge deduction. See Condition 5.5 for more details;
- (b) the date that You or Your Financial Adviser instruct Us to stop deducting Ongoing Adviser Charges under Conditions 5.2.2.3 or 5.2.2.6, as appropriate;
- (c) the date that We are notified that You have assigned the ownership of one or more Policies into new ownership(s). For further detail see Part 8, Condition 8.3;
- (d) the date that You Fully Cash In Your Bond;
- (e) the Maturity Date. See Part 6 for more details;

- (f) the date that We are notified by the UK Financial Conduct Authority (“FCA”) or other equivalent or succeeding regulatory authority or become aware and are satisfied that Your Financial Adviser has ceased to be authorised under the UK Financial Services and Markets Act 2000, as amended from time to time or, where Your Financial Adviser is based outside the UK, the date We are notified by the equivalent overseas regulatory authority or become aware and are satisfied that Your Financial Adviser has ceased to be authorised under the relevant overseas legislation governing their activities;
- (g) the date We are notified or become aware and are satisfied that Your Financial Adviser has ceased trading.

The last deduction We make is on the last Regular Cancellation Date immediately before the earliest of the above events.

5.2.2.3 Changes to Ongoing Adviser Charges

- (a) You must tell Us in writing if You wish to:
- stop paying Ongoing Adviser Charges;
 - change the monetary amount or the percentage level of Ongoing Adviser Charge payments, subject to the limits in Condition 5.4; and/or
 - change the basis of Ongoing Adviser Charges from a monetary amount to percentage level, or vice versa; and/or
 - change the frequency of Ongoing Adviser Charge payments.
- (b) You can instruct Us in writing to change the Financial Adviser to whom Ongoing Adviser Charges are payable – see Condition 5.2.2.5. As stated in Condition 5.1 You may only specify one Financial Adviser for Your Bond at any one point in time.

- (c) Your Financial Adviser can instruct Us in writing to stop or reduce Ongoing Adviser Charges without providing an Acceptable Instruction from You. Where We act upon such an instruction from Your Financial Adviser it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

Note: Except where Condition 5.2.2.4 applies, only You can instruct Us to increase the Adviser Charges from Your Bond. In addition, only You can instruct Us to:

- deduct and pay additional Adviser Charges; and/or
 - change the basis or frequency of Adviser Charges;
- from Your Bond.

- (d) When You apply to make an Additional Investment into Your Bond,
- (i) any existing instruction to pay Ongoing Adviser Charges will remain in effect unless We receive a revised Acceptable Instruction from You. This means that where You make an Additional Investment, without a new Adviser Charge Instruction Form, the value of Ongoing Adviser Charge deductions under an existing instruction on the basis of Condition:
- 5.2.2(a) will remain the same;
 - 5.2.2(b) and (c) will increase proportionately.
- (ii) You may amend an existing Ongoing Adviser Charge instruction as stated in 5.2.2.3(a). Where You do so, Your new instruction will apply to the whole of Your Bond, not just the Additional Investment.

The Effective Date of Change for changes requested under this Condition is determined as detailed in Condition 5.2.2.7.

5.2.2.4 Change to Value Added Tax

The payments You agree to make to Your Financial Adviser may be subject to UK Value Added Tax (“VAT”), for which Your Financial Adviser must account to the UK HM Revenue and Customs.

You will have given Your consent in the Application Form in relation to Your Bond, or in relation to an Additional Investment into Your Bond, or in a subsequent Adviser Charge Instruction Form, that where applicable, Ongoing Adviser Charges can be changed where there is a change in the rate of VAT, without the need for Us to obtain Your further consent or instruction.

It should be noted that in this particular circumstance, Your Financial Adviser can instruct Us to make an increase as well as a reduction to the Ongoing Adviser Charges. Your Financial Adviser should ensure that such an instruction is only given where the agreement between You and Your Financial Adviser states that the agreed level of Ongoing Adviser Charges will change in line with changes in the level of VAT. We are not able to check the terms of the agreement between You and Your Financial Adviser. If Your Financial Adviser gives an instruction under this Condition We are entitled to assume that he is authorised to do so.

We will only make such a change if so instructed by Your Financial Adviser in writing. We must receive such an instruction at Our Administration Centre in Ireland within timescales that will be agreed between Us and Your Financial Adviser.

On receipt of the instruction, We will tell Your Financial Adviser how long We will take to make the change.

Where We act upon an instruction from Your Financial Adviser under this Condition, it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

This Condition does not apply where Ongoing Adviser Charges are payable on the basis of Condition 5.2.2(b) or 5.2.2(c).

5.2.2.5 Change to Financial Adviser – notification from You

You must give Us a new Acceptable Instruction if You change Your Financial Adviser and require future Ongoing Adviser Charges to be payable to Your new Financial Adviser.

If You do not tell Us that You wish future Ongoing Adviser Charges to be payable to Your new Financial Adviser, We will stop such deductions.

The Effective Date of Change made under this Condition is determined in the way described in Condition 5.2.2.7.

Note: As stated in Part 1, Condition 1.1 and in Condition 5.1 You can only specify one Financial Adviser at any given time in relation to each Prudential International Investment Bond (Capital Redemption Option).

Once a change to a Financial Adviser has been effected, all future Adviser Charges will be payable to that Financial Adviser. No further payments will be made to the previous Financial Adviser.

5.2.2.6 Change to Financial Adviser – notification from Financial Adviser of a transfer of business

Your Financial Adviser may sell all or part of its business interests to another Financial Adviser as appropriate.

Where Your Financial Adviser has arranged for the services that You have agreed with them to be provided by Your new Financial Adviser, the change of Financial Adviser may be notified to Us in writing by Your Financial Adviser and We may act on that instruction without Your specific agreement. You have given consent in Your Application Form for Us to continue to pay Ongoing Adviser Charges to Your new Financial Adviser at the existing agreed level, where We have an in force instruction from You to deduct Ongoing Adviser Charges from Your Bond at the date We receive the instruction from Your Financial Adviser under this Condition, without Your specific agreement.

Where We act upon an instruction from Your Financial Adviser under this Condition, it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

Except where Condition 5.2.2.4 applies, Your new Financial Adviser can only instruct Us to stop or reduce Ongoing Adviser Charges, as stated in Condition 5.2.2.3(c). You must instruct Us if any other changes are to be made to Ongoing Adviser Charges. This includes a transfer of Ongoing Adviser Charges to a new Financial Adviser in any other circumstance than that described in this Condition.

5.2.2.7 Effective Date of Change to Adviser Charges or Financial Adviser

The date We carry out changes under Conditions 5.2.2.3 and 5.2.2.5, the “**Effective Date of Change**”, will be within 5 Working Days of the date We receive an Acceptable Instruction at Our Administration Centre in Ireland from You or Your Financial Adviser, as appropriate to the type of transaction.

For changes under Condition 5.2.2.6, We will tell Your new Financial Adviser how long We will take to make the change.

We cannot backdate or postpone the Effective Date of Change. Any Ongoing Adviser Charges due between the date We receive the instruction and the Effective Date of Change will be deducted and paid in accordance with the current instruction.

If the Effective Date of Change coincides with the date on which an Ongoing Adviser Charge is due to be deducted, that Ongoing Adviser Charge will be deducted and paid in accordance with the new instruction.

5.2.2.8 Re-starting Ongoing Adviser payments

If Ongoing Adviser Charge deductions have stopped and You wish to re-start paying them from Your Bond You must complete a new Acceptable Instruction and send it to Our Administration Centre in Ireland. See Condition 5.2.1.

This may result in a corresponding change to the Regular Cancellation Date that future Ongoing Adviser Charges are deducted from Your Bond and payments made to Your Financial Adviser. See Condition 5.2.2.

Deductions cannot be backdated to cover the period between stopping and re-starting Ongoing Adviser Charges.

5.2.2.9 The effect of Partial Withdrawals on Ongoing Adviser Charges

If You choose to take a Partial Withdrawal from Your Bond by:

- (a) Partially Cashing In all of Your Policies, under Condition 4.3 this will reduce the value of Ongoing Adviser Charges due to be deducted on the basis of Condition 5.2.2(c) on or after the Partial Withdrawal. Ongoing Adviser Charges due to be deducted on the basis of Condition 5.2.2(a) or 5.2.2(b) on or after the Partial Withdrawal will not reduce.
- (b) Fully Cashing In one or more Policies, under Condition 4.4 this will reduce the value of Ongoing Adviser Charges due to be deducted on the basis of Condition 5.2.2(a), (b) or (c) on or after the Partial Withdrawal. In particular, Ongoing Adviser Charges due to be deducted on the basis of 5.2.2(a) or (b) on or after the Partial Withdrawal will reduce in the same proportion that the number of Policies cashed in for the Part Withdrawal bears to the number of Policies in force immediately before the Part Withdrawal.

Ongoing Adviser Charge deductions, on the basis of Condition 5.2.2(a) or (b), will continue at a reduced level unless You complete and send a new Acceptable Instruction to Our Administration Centre in Ireland. Please see Condition 5.2.2.3 about changes to Ongoing Adviser Charges.

In addition, We will test the level of any Ongoing Adviser Charges being made under an Adviser Charge Instruction Form current at that time against the limit We describe in Condition 5.4.2 – this may further reduce Ongoing Adviser Charge deductions that We will allow.

5.2.3 Cancelling Units for Ongoing Adviser Charges

We reduce the number of Units held under the Policies on the Regular Cancellation Date by cancelling the number of Units equal in value to the amount of the Ongoing Adviser Charge.

Where two or more Investments have been paid into the Bond, We will cancel Units in proportion to the value of Units relating to each Investment.

Where the Bond:

- (i) is linked to one or more Funds, excluding a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units in proportion to the value of Units held under the Bond in each Fund;
- (ii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and no other Fund(s), We will cancel Units from the value of Units held in that PruFund Protected Fund or the corresponding PruFund Account;
- (iii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and one or more other Funds, We will normally cancel Units from all Funds linked to the Bond in proportion to the value of Units held under the Bond in each Fund, excluding a PruFund Protected Fund or the corresponding PruFund Account, on the Regular Cancellation Date. We will only deduct Units from a PruFund Protected Fund or the corresponding PruFund Account in relation to an Ongoing Adviser Charge where the value of Units held in all other Funds is insufficient to meet the full amount of an Ongoing Adviser Charge.

We will not write to tell You where, under (iii) above, We have to start cancelling Units from a PruFund Protected Fund, or the corresponding PruFund Account, but this will be reflected in the next valuation statement that We send to You after that point.

Payment of Ongoing Adviser Charges under this Condition is subject to any delay that may be required under Part 8, Condition 8.6.2.

5.2.3.1 Special conditions applying to the PruFund Range of Funds

Ongoing Adviser Charge deductions from a Fund within the PruFund Range of Funds:

- may be taken from Units held in the corresponding PruFund Account pending automatic switch into the selected PruFund Non-Protected Fund or PruFund Protected Fund on the PruFund Quarter Date and thereafter from the relevant Fund; and

- are not subject to the 28 day delay referred to in Part 3, Condition 3.3.2.

Cancelling Units for an Ongoing Adviser Charge from a PruFund Protected Fund and/or the corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5.

5.3 Ad hoc Adviser Charges

5.3.1 Availability

An Ad hoc Adviser Charge is a one-off Adviser Charge deducted from Your Bond and is payable to Your Financial Adviser on Your request only at any time whilst the Bond remains in force.

You can ask Us at any time to pay an Ad hoc Adviser Charge to Your Financial Adviser as:

- a percentage of the total value of the Units held under Your Bond; or
- a specified amount.

Please complete the Adviser Charge Instruction Form which is available from Our Administration Centre in Ireland or Your Financial Adviser.

If We receive an Acceptable Instruction from You at Our Administration Centre in Ireland within 30 days of:

- the Investment Date, in respect of the Initial Investment; or
- the Additional Investment Date, in respect of an Additional Investment;

We will delay Processing Your instruction until 30 days after the date that the appropriate Investment was credited to the Bond. We will use the Unit Price(s) applicable at the end of the period of delay.

5.3.2 Administration

We will only allow an Ad hoc Adviser Charge if the relevant limits in Condition 5.4 are met.

We always provide an Ad hoc Adviser Charge by spreading the cancellation of Units evenly across all the Policies. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any necessary rounding) every time We make a deduction for an Ad hoc Adviser Charge.

You may select the Fund(s) from which an Ad hoc Adviser Charge will be taken. See Condition 5.3.4 for more details.

Any Ad hoc Adviser Charges deducted:

- will reduce the value of any subsequent Annual Investment Reward that may apply to Your Bond. See Part 2, Condition 2.4;
- from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5;
- will reduce the Guaranteed Maturity Value. See Part 6, Condition 6.2.

5.3.3 Effective Date for Ad hoc Adviser Charges

An Acceptable Instruction for an Ad hoc Adviser Charge will be effective on the date We input Your request on Our System(s). This will take place within 5 Working Days of receipt of an Acceptable Instruction from You at Our Administration Centre in Ireland.

We normally reduce the number of Units held under the Policies by cancelling the number of Units equal in value to the amount of the Ad hoc Adviser Charge on the date We input Your instruction on Our System(s), but payment of an Ad hoc Adviser Charge under this Condition is subject to any delay that may be required under Condition 5.3.1 or Part 8, Condition 8.6.2.

5.3.4 Cancelling Units for Ad hoc Adviser Charges

Where there have been two or more Investments credited to the Bond, We will cancel the Units in proportion to the value of Units held under Your Bond relating to each Investment.

If Your Bond is linked to two or more Funds and:

- (a) You specify the Fund(s), other than a PruFund Protected Fund or the corresponding PruFund Account, from which an Ad hoc Adviser Charge is to be taken, We will cancel Units in proportion to the value of the Units held under the Bond in each specified Fund on the Date of Receipt described in Condition 5.3.3.

If the value of Units held in the specified Fund(s) is below the amount of Ad hoc Adviser Charge, We will cancel Units proportionately from the remaining Fund(s) held under the Bond.

Where the remaining Fund(s) include(s) a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units proportionately from the remaining Fund(s) held under the Bond, excluding the PruFund Protected Fund or the corresponding PruFund Account. We will only cancel Units from a PruFund Protected Fund and the corresponding PruFund Account where the value of Units held in other remaining Fund(s) is insufficient to meet the full amount of Ad hoc Adviser Charge requested.

- (b) You specify Fund(s) including a PruFund Protected Fund or the corresponding PruFund Account, from which the Ad hoc Adviser Charge is to be taken, We will cancel Units in proportion to the value of Units held under the Bond in each specified Fund including the PruFund Protected Fund and the corresponding PruFund Account, as appropriate, on the Date of Receipt described in Condition 5.3.3. If the value of the specified Fund(s) fall(s) below the amount of Ad hoc Adviser Charge, We will cancel Units proportionately from the remaining Fund(s) held under the Bond.

(c) You do not specify the Fund(s) from which Units are to be cancelled, We will cancel Units from all Funds linked to the Bond in proportion to the value of the Units held under the Bond in each Fund on the Date of Receipt described in Condition 5.3.3, as described below. If Your Bond:

- (i) is linked to one or more Funds, excluding a PruFund Protected Fund or the corresponding PruFund Account, We will cancel Units in proportion to the value of Units held under the Bond in each Fund;
- (ii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and no other Fund(s), We will cancel Units from the value of Units held in that PruFund Protected Fund or the corresponding PruFund Account;
- (iii) is linked to a PruFund Protected Fund or the corresponding PruFund Account and one or more other Funds, We will normally cancel Units from all Funds linked to the Bond in proportion to the value of Units held under the Bond in each Fund, excluding a PruFund Protected Fund or the corresponding PruFund Account, on the Date of Receipt described in Condition 5.3.3. We will only deduct Units from a PruFund Protected Fund or the corresponding PruFund Account in relation to an Ad hoc Adviser Charge where the value of Units held in all other Funds is insufficient to meet the full amount of Ad hoc Adviser Charge requested.

We will not write to tell You where under (a), (b) or (c) above We have to cancel Units from:

- a PruFund Protected Fund or the corresponding PruFund Account; or
- any other remaining Fund, of which Units are held under the Bond;

but this will be reflected in the next valuation statement that We send to You after that point.

5.3.5 Special conditions applying to the PruFund Range of Funds

Where applicable, Ad hoc Adviser Charge deductions from a Fund within the PruFund Range of Funds may be taken from Units held in the corresponding PruFund Account pending automatic switch into the selected PruFund Non-Protected Fund or PruFund Protected Fund on the PruFund Quarter Date and thereafter from the relevant Fund.

Cancelling Units for an Ad hoc Adviser Charge from a PruFund Protected Fund and/or the corresponding PruFund Account will reduce the Guaranteed Minimum Fund. See Part 3, Condition 3.3.5.

5.4 Limits for Bond deductions

We apply the limits in this Condition separately for each Prudential International Investment Bond (Capital Redemption Option) owned by the same Policyholder(s). The limits are described in Conditions 5.4.1, 5.4.2 and 5.4.3.

5.4.1 Maximum regular deductions from the Bond at the start of an instruction

We will not accept an instruction for Ongoing Adviser Charge deductions which, together with Regular Withdrawals, would exceed Our limits regarding the percentage of Units to be cancelled during any 12 month period. See the Statement of Charges for more information. See also Part 4, Condition 4.6.1.

The limit will also apply to any later instruction to:

- change the level of Ongoing Adviser Charges; and/or
- change the level of Regular Withdrawals; and/or
- re-start Ongoing Adviser Charges; and/or
- re-start Regular Withdrawals.

5.4.2 Limit for Adviser Charges

The limit in this Condition does not in any way restrict the amount You may agree to pay Your Financial Adviser by other means.

The maximum total of Adviser Charges We allow to be taken from the Bond in any 12 month period, is a percentage of the total Investment in the Policies.

When testing Adviser Charge deductions from Your Bond against this limit We also take into account all Adviser Charges and the following types of Withdrawal already deducted from Your Bond:

- Regular Withdrawals – see Part 4 Condition 4.1; and
- Partial Withdrawals from all Policies – see Part 4, Condition 4.2.2(a).

You can obtain details of the maximum percentage that applies at any time from Your Financial Adviser.

5.4.2.1 When We test Adviser Charges against the limit

We test Adviser Charges against the limit:

- (a) when We set up Ongoing Adviser Charges under Your Bond;
- (b) at the date We cancel Units for the first Ongoing Adviser Charge to be deducted from the Bond under any instruction where You asked for payments to be delayed by more than 2 months;
- (c) at the date We amend Ongoing Adviser Charges on Our System(s) to reflect a subsequent instruction from You or Your Financial Adviser;
- (d) at the date We cancel Units for an Ad hoc Adviser Charge – see Condition 5.3;
- (e) immediately after a Partial Withdrawal – see Part 4, Conditions 4.2.2(a) and 4.2.2 (b).

5.4.2.2 How We test Adviser Charges against the limit

When carrying out the test in respect of Condition:

- 5.4.2.1(a) to (e) inclusive, We take into account the percentage value of Units We expect to cancel in relation to Adviser Charges over the 12 month period from the date We Process a new or revised instruction.
- 5.4.2.1(d), We also take into account the total of Adviser Charges paid in the 12 months prior to the date We cancel Units for Your current Ad hoc Adviser Charge instruction.

5.4.2.3 What happens if Adviser Charges exceed the limit?

If the limit is exceeded:

- when You instruct Us to deduct any type of Adviser Charge under a new instruction, We will not deduct that Adviser Charge or make any payment to Your Financial Adviser. In this instance We will write to tell You this has occurred.
- when an Ongoing Adviser Charge is retested against the limit for Adviser Charges, as described in Condition 5.4.2.1, We will reduce future Ongoing Adviser Charges to the maximum amount or level that can be paid, with immediate effect. In this instance We will not write to tell You.

5.4.3 Minimum remaining Fund value

The value of the remaining Units held under the Bond must be above Our minimum value both before and after any Withdrawal or Adviser Charge is deducted from Your Bond.

Where the deduction of any:

- Regular Withdrawal (tested at the start of a new or revised instruction);
- Partial Withdrawal; or

- Ongoing Adviser Charge (tested at the start of a new or revised instruction); or
- Ad hoc Adviser Charge;

would result in the remaining value of the Bond being less than Our minimum remaining Fund value the following courses of action are available.

Either:

- You must instruct Us to change the amount of the Regular Withdrawal, Partial Withdrawal or Adviser Charge deduction, subject to Our minimum limits for Withdrawals at that time; or
- the Bond must be Fully Cashed In.

The minimum remaining Fund value limit at the start of Your Bond is shown in the Statement of Charges issued to You at the start of Your Bond. We will normally review charges and limits expressed as a monetary amount in January each year.

5.5 Insufficient Unit value to meet Adviser Charges

For the avoidance of doubt, Ongoing Adviser Charges deducted on any basis under Condition 5.2.2, may exceed the limits in Condition 5.4.3 where the value of Units of the Fund(s) from which Ongoing Adviser Charges would be deducted has fallen since the limits were last applied. This is allowed as long as the Ongoing Adviser Charges did not exceed the appropriate limits when the limits were last applied.

When We come to make a deduction for an Adviser Charge as described under Conditions 5.2.3 or 5.3.4, as appropriate, if the value of Units of the Funds from which that Adviser Charge would be deducted is insufficient to meet the agreed Adviser Charge, We will not make any deduction and We will not make a proportionate payment.

Where this occurs for:

- an Ad hoc Adviser Charge We will write to tell You.
- an Ongoing Adviser Charge, We will not write to tell You as We will consider an existing Adviser Charge Instruction from You to remain in force unless We receive instruction to the contrary. This means that if the value of Units held under the Bond subsequently increases so it exceeds the value of an Ongoing Adviser Charge payment at the time, We will resume Ongoing Adviser Charges.

Any Ongoing Adviser Charges which are missed between the date We stop deducting such an Adviser Charge under this Condition and the date they are re-started, cannot be deducted and paid to Your Financial Adviser.

Part 6: Maturity Benefit

6.1 The amount of Maturity Benefit

The Contract Schedule, or Related Documents, shows the Maturity Date of Your Bond. We will pay a Maturity Benefit from Your Bond on that date, if You do not Fully Cash In the Bond before then. The Maturity Benefit will be the greater of:

- the Value of Units Allocated to the Bond on the Maturity Date; and
- the “Guaranteed Maturity Value”.

When Your Bond starts, the Guaranteed Maturity Value is 101% of the Initial Investment.

The Guaranteed Maturity Value at the Commencement Date is as shown in the Contract Schedule.

For an Additional Investment, the Guaranteed Maturity Value will increase by 101% of the Additional Investment.

At the Maturity Date:

- any entitlement to an Annual Investment Reward under Your Bond will cease. See Part 2, Condition 2.4.2;
- any deductions for Ongoing Adviser Charges will cease. See Part 5, Condition 5.2.2.2;
- We cancel all Units in the Bond;
- We pay out the value of the Maturity Benefit We calculate.

Where a Bond has Units in any Fund from the PruFund Range of Funds, the 28 day delay to Unit cancellations from those Funds will not be imposed by PAC.

6.2 Guaranteed Maturity Value – taking Partial Withdrawals, Regular Withdrawals or if You ask Us to deduct Adviser Charges from Your Bond

When You take Partial Withdrawals, Regular Withdrawals or You ask Us to cancel Units for an Adviser Charge, We reduce the Guaranteed Maturity Value.

(a) If You take Regular Withdrawals, a Partial Withdrawal across all the Policies or if You ask Us to deduct Adviser Charges from Your Bond

We determine the value of Units We will cancel from the Funds the Policies are linked to.

We multiply this value by 101%.

We deduct the resultant figure from the Guaranteed Maturity Value before the Withdrawal or Adviser Charge deduction. This gives the new Guaranteed Maturity Value for the Policies remaining in force after the Withdrawal or Adviser Charge deduction.

(b) If You cash in individual Policies for a Partial Withdrawal

We divide the number of Policies remaining in force after the Withdrawal by the number of Policies in force before the Withdrawal.

We then multiply the resultant figure by the Guaranteed Maturity Value before the Withdrawal. This gives the new Guaranteed Maturity Value for the Policies remaining in force after the Withdrawal.

If a mix of (a) and (b) is used to pay a Partial Withdrawal – see Part 4, Condition 4.2.

We first apply the method shown in (b) above in relation to the individual Policies that are cashed in on the date of the Withdrawal. We then apply the method shown in (a) above in relation to the value taken across the Policies that are in force on the date of the Withdrawal.

Although Withdrawals and Adviser Charge deductions reduce the Guaranteed Maturity Value, the Maturity Benefit will not be less than £100, €150, \$150 or currency equivalent, provided that the Bond has not been Fully Cashed In before the Maturity Date.

Part 7: Bond Charges

7.1 Summary of charges

7.1.1 Basic charges

We take the following Basic charges:

- Annual Management Charges;
- Fund Switch Charges; and
- PruFund Guarantee Charge.

For the PruFund Range of Funds all Investments and switches-in will generally be initially invested in the appropriate PruFund Account. The following Conditions describe the charges applicable to each Fund, however these charges will equally apply to any Unit holdings in the PruFund Accounts.

We work out some of the charges covered in this Contract Conditions Booklet by referring to the date that Units are credited to the Bond for each Investment paid into the Bond.

“Current” charges and limits – Some charges and limits for the Bond are quantified as a sum of money. We have the right to change the amount of these charges and limits – see Condition 7.7. We will provide details of these charges on request.

The words “**Current**” and “**Currently**” for such a charge or limit should be read as referring to the amount of the charge or limit as published by Us at the time We deduct the charge.

7.1.2 Additional charge

Non-standard payment method (see Condition 7.5).

7.2 Annual Management Charges

7.2.1 All Funds

There are separate Annual Management Charges on each of the Funds and the percentage charge may vary from Fund to Fund. Details of the AMC applicable to each Fund can be found in the Statement of Charges which apply at the start of Your Bond and which may be amended by Us from time to time. Fund guides are available on request from Our Administration Centre in Ireland.

Where some Funds hold Units of other Funds, We shall make any change necessary to make sure that a charge is not made twice.

We may introduce new Funds from time to time, to which the Bond may be linked in the future. Details of AMCs of such Funds will be available from Us as and when they are introduced.

We have the right to increase (or reduce) the percentage for Our Annual Management Charges for any of Our Funds from time to time, if the management costs (which are reasonable in amount and reasonably incurred) We incur in relation to Our Funds change. Any such change will be proportionate. For example, if the unit trust underlying one of Our Unit-Linked Funds were to change its nature or charges, We may reflect this change in Our Annual Management Charge. If this happens, We will write to You before the changes take place to explain any such change with the new level of charges and the options available to You.

7.2.2 Funds except the PruFund Range of Funds

We will deduct a variable AMC in respect of each Fund that your Bond is linked to. This charge will be levied at each date the Fund is valued, at the appropriate rate for that Fund, based on the value of the Fund at the date the Fund is valued. For example, this means that for a Fund valued daily, We deduct a percentage equal to 1/365th of the Annual Management Charge applicable to the relevant Fund each day, from the value of that Fund. We take this into account in calculating the day to day price of the Units of the Fund.

7.2.3 The PruFund Range of Funds

An explicit separate Annual Management Charge is applied in respect of the value of the Unit holding in each Fund and/or Account within the PruFund Range of Funds and is taken by Unit cancellation monthly, commencing 1 month after the Investment Date for as long as Units of any Fund or Account within the PruFund Range of Funds are held within the Bond.

The Annual Management Charge percentage may vary between different currency versions of the same Fund to reflect differences associated with the cost of providing those Funds in a currency other than Sterling.

Where additional Units are purchased by switching into existing Fund holdings within the PruFund Range of Funds, the charge will be apportioned by the length of time the extra Units are held before the first charge is taken on their value and, thereafter, charges will be taken on the existing charge collection date.

7.3 Fund Switch charges

7.3.1 20 free Fund Switches each year

You can make up to 20 Fund Switches in any 12 month period, between any of Our Unit-Linked Funds, available at that time, free of charge.

7.3.2 More than 20 Fund Switches each year

If You make more than 20 Fund Switches in any 12 month period, We levy a Fund Switch Charge for each switch over 20 in that 12 month period. Our Fund Switch Charge at the Investment Date of Your Bond is as shown in the Statement of Charges issued to You at the start of Your Bond in the "Other Charges and Limits" section.

7.3.3 The Fund Switch Charge

We take the Fund Switch Charge by:

- cancelling Units of the Fund to be sold; then
- deducting the Fund Switch Charge from the cash which is realised.

The remaining cash is then applied to the purchase of Units in Your selected Fund or Funds.

Our Fund Switch Charge at the Investment Date of Your Bond is as shown in the Statement of Charges in the "Other Charges and Limits" section. As explained in Condition 7.7, We will normally change charges and limits expressed as a monetary amount in January each year.

7.3.4 Fund Switches – value requirements

We will not allow a Fund Switch if:

- the value of the Units to be switched out of and into any Fund is less than Our Current minimum limit as published by Us at that time.
- the value of Units remaining in any Fund following a Fund Switch would not at least equal Our Current minimum limit as published by Us at that time.
- the total of switches and Investments under the Bond into Our PruFund Range of Funds would be greater than the Current maximum limit as published by Us at that time.

We will inform You if We will not allow a Fund Switch request for one or more of these reasons.

See the Statement of Charges issued to You at the start of Your Bond for the Fund Switch limits that apply at the Investment Date of Your Bond.

7.4 PruFund Guarantee Charge

7.4.1 Applying the charge

A separate charge is applied in respect of the Unit holding in a PruFund Protected Fund. The charge is known as the PruFund Guarantee Charge. The charge is applied to the Initial Investment Units of the PruFund Account and then to the Units of the corresponding PruFund Protected Fund following the automated switch on the next PruFund Quarter Date. The same rate of charge is applied to both Account and Fund Units.

The charge is payable by Unit cancellation monthly in arrears commencing one month after the date of the Investment into the Fund. The charge is a percentage of the Units held in a PruFund Protected Fund on the day that the charge is taken. Where applicable, the level of this charge for Your Bond over each Policy Year is shown in the Contract Schedule.

The percentage charge once applied will not change before the Guarantee Date shown in the Contract Schedule.

We will apply a charge for the guarantee for the final time at the Guarantee Date, unless the Units held in the Fund are Fully Cashed In or are exhausted by switching out or by Regular Withdrawals, Partial Withdrawals or Adviser Charge deductions from the Fund, when the charge and guarantee will cease with immediate effect.

All charges for this guarantee are non-refundable in the event of the guarantee ceasing.

The charge will only cash in Units from a PruFund Protected Fund or its corresponding Account.

Details of all Our Current rates for this charge at the Investment Date of Your Bond can be found in Your Statement of Charges in the section entitled PruFund Guarantee Charge.

7.5 Additional charge non-standard payment method

If You cash in part or all of Your Bond and ask Us to pay the proceeds by any method other than by cheque, We may make a charge equal to the cost We incur in making the payment.

We will take this charge by deducting an amount from the Cash In Benefits being paid from the Bond.

Details can also be found in the Statement of Charges under "Other Charges and Limits".

7.6 Cancelling Units for charges

Where the Bond is linked to two or more Funds when We are cancelling Units for a charge, We normally spread the Unit cancellation between all Funds in proportion to the value of the Units of each Fund. This will apply as long as a charge operates in the same manner for each of the Funds in question. Where it does not, the Unit cancellation will be determined by the rules of the charge.

7.7 Changes to charges and limits

From time to time We may change the limits and charges expressed as a monetary amount in this Contract Conditions Booklet and the Statement of Charges. In particular We may change the charges and limits expressed as a monetary amount in January each year.

We may also introduce new charges as a result of any levy or other charge imposed on the Company. We will give You reasonable advance notice in writing if We do.

We will pass on any charge to You that is imposed on Us under any investor compensation scheme as described below and in Part 3, Condition 3.1.6.

Changes to charges and limits may be necessary to take account of:

- (a) the percentage change in the Index over a period of 12 months ending in the preceding August;
- (b) any movements in the value of the Euro in relation to the currency in which the charge is denominated and the currency in which the charge is levied or applies to the Bond; and
- (c) other factors which affect the running of Our business.

Any increase in the charges or the level of any new charges will be imposed in a way that is proportionate to Our reasonable costs for operating the Prudential International Investment Bond (Capital Redemption Option). For example, We may impose an increase:

- if We experience an increase in the general administration costs We incur in operating the Bond.
- if there is a change to the basis upon which any company from within M&G plc is taxed.
- to pay any levy or other charge on the Company, such as a levy under any legislation introduced for the purposes of raising levies for funds to be held for the protection of the interests of policyholders.
- if any external life assurance company or external fund manager or other company that performs any administrative or investment function on Our behalf increases the charges that We pay them.

In some years, We may not increase a charge or limit. When it is next increased, the Actuary may set the charge or limit at an amount which takes account of inflation and other factors since the amount of the charge or limit was previously set.

We may increase a charge or limit further if Our costs have increased by more than the Index since the amount of charge or limit was previously set. We will limit such an increase to a charge or limit to be no greater than the difference between the percentage increase in Our costs and the increase in the Index since the amount of charge or limit was last set.

We do not issue new Contract Schedules or Endorsements when a change to charges and/or limits happens.

The current levels of the charges and limits are available from Our Administration Centre on request.

If You are unhappy with any changes You should contact Us. Our contact details are given in Part 8, Condition 8.15.

Part 8: General Conditions

8.1 Entitlement – ownership – the Policyholder

8.1.1 Joint ownership – death of a Policyholder

Where a Policy belongs to two or more Policyholders, We act on the basis that, if one of them dies, the Policy then belongs to the surviving Policyholder(s).

8.1.2 One Policyholder – the deceased Policyholder’s Personal Representatives

If a Policy belongs to just one Policyholder and that Policyholder dies, We act on the basis that the Policy then vests in the deceased Policyholder’s Personal Representatives and that the Personal Representatives are then the Policyholders.

The Company is incorporated in Ireland. This means that a Policy with Us will be an asset situated in Ireland. If there are no Irish Personal Representatives for the deceased Policyholder, We have the discretion to act on the basis that the Policy vests in persons who have the authority to deal with the deceased Policyholder’s estate under the law of another relevant country.

We will need satisfactory documentary proof that the persons claiming to be Personal Representatives have the authority to deal with the deceased Policyholder’s estate under the law of Ireland or another relevant country.

We reserve the right to demand that the Personal Representatives, claiming rights to the Policy, obtain an Irish Grant of representation (i.e. a power granted by the Irish courts to exercise such rights).

8.1.3 Asking for Benefit payments and Bond Transactions

The Policyholder(s) (or, if dead, the deceased Policyholder’s Personal Representatives) will have the right to ask for and authorise:

- Benefit payments from the Policy; or
- transactions regarding the Policy.

8.2 The Policies

Unless We issue the Bond as just one Policy, the Bond will consist of a group of Policies at the start and all Policies will be identical (allowing for any necessary rounding) and will remain so throughout the life of the Bond.

All the Policies in the Bond should belong to the same Policyholder(s).

8.2.1 Split Ownership – Special Provisions

“Split Ownership” here means a situation where all the Policies in the Bond do not belong to the same Policyholder(s).

One Policyholder may assign his rights in one or more Policies to an existing or new Policyholder. Split ownership or assignment may be effected by completion of a formal deed of assignment or as a result of a court order.

We will only allow any transfer of ownership to take place on Your Bond once We have received all necessary instructions at Our Administration Centre in Ireland.

We recommend that You should consult with Your Financial Adviser and Your tax and legal advisers before a transfer of ownership.

Where split ownership occurs, We have the right to apply the following rules, all of which are for administrative purposes only:

- (a) We will re-number each group of Policies assigned into new ownership(s), so that each ownership will have a separately numbered group of Policies. We will administer each group of Policies separately in all respects.

We will stop paying any Regular Withdrawals and/or Ongoing Adviser Charges in respect of any Policy assigned into new ownership(s). The new owner(s) may complete a new Acceptable Instruction for Regular Withdrawals and/or Ongoing Adviser Charges, as appropriate – See Part 4, Condition 4.1 and Part 5, Condition 5.1 for further details.

(b) We will credit the relevant proportion of the Units held under the Bond within each Fund at the time of the change of ownership, to each group of Policies.

All Our charges and limits will apply separately to each group of Policies at Our full standard rates. Please refer to Your Policy Documents or Related Documents for Our full standard rates.

8.3 Change of ownership

Any change of ownership should be made by a deed of assignment. You may need to obtain this from Your legal adviser or Financial Adviser. The deed of assignment must be fully completed and signed by the current Policyholder(s) and the new Policyholder(s). The deed of assignment should be sent to Us at Our Administration Centre in Ireland. We will return the deed once We have registered the change of ownership in Our records.

If We only receive notice of assignment (instead of the actual deed of assignment) We still have the right to see the deed of assignment before We:

- pay any Benefit; or
- formally register the current change of ownership or any further change of ownership.

We will stop paying any Regular Withdrawals and/or Ongoing Adviser Charges, as appropriate, if all of the Policies are assigned into new ownership(s). The new owner(s) may complete new Acceptable Instructions – see Part 4, Condition 4.1 and Part 5, Condition 5.1 for further details.

8.4 Proof of ownership

We have the right to delay payment of a Benefit until the date that We receive proof of ownership. Where We are paying Regular Withdrawals, We can ask for proof of ownership from time to time. This is to make sure that the person receiving the Regular Withdrawals is legally entitled to receive them. We have the right to suspend Regular Withdrawals until We receive proof of ownership.

8.5 Maturity or Fully Cashing In one or more Policies – Contract Schedule and Related Documents required

The Contract Schedule and any Related Documents must be returned to Us at Our Administration Centre in Ireland before We will pay a Maturity Benefit or on Fully Cashing In one or more Policies. For further details of the Maturity Benefit see Part 6 and for Fully Cashing In, see Part 4.

8.6 Delaying of transactions

8.6.1 Purchase transactions

Where We consider the Investment to be large relative to the size of the Fund, We may delay Processing applications by up to one month following the day of receipt of the Investment and any forms We require. This will be to ensure that the price used properly reflects the costs of purchasing the underlying assets in the Fund. We will inform You in writing if it is necessary to delay the Processing of Your application. We will also confirm to You in writing when the Processing of Your application has been completed.

8.6.2 Cancelling Units for cash in, switch or Adviser Charge transactions

We may give You notice that We will delay cancelling Units:

- (a) where there has been a closure or suspension of trading in the underlying investments of a Fund; or
- (b) a Fund has been subject to such volumes of exits that, in the opinion of the Actuary, it is not practical to value and realise assets at the date of exit; or
- (c) if it has not been possible to deal readily in underlying investments of a Fund for reasons outside the Company's control. It is impossible to specify all the circumstances where this may apply, but one could be where the markets for the sale of the Funds' assets are subject to conditions (such as the imposition of exchange controls) such that the assets cannot be readily traded at prices which allow Us to ensure that the reasonable interests of both You and of other policyholders are protected; or

- (d) if Your instruction would involve cancelling Units of any Fund that either:
- (i) holds assets in the form of buildings or land; or
 - (ii) holds investments that holds assets in the form of buildings or land.

This does not apply to the payment of the Maturity Benefit but overrides all other Contract Conditions apart from Condition 8.9.

In any event, We will always aim to act in a reasonable manner, with the protection of the Policyholder's interests in mind. Other than in very exceptional circumstances We would not expect the period of any delay to be longer than one month in respect of (a), (b) or (c) above and six months in respect of (d). However, while We will not delay transactions for longer than reasonably required, We cannot guarantee that We will never delay transactions beyond the stated periods.

8.6.3 Unit Prices

The Unit Price(s) for the delayed transactions will be those applying at the end of the period of delay unless We believe that in the particular circumstances that would not be fair to policyholders in general. This means that the value of the Units may be higher or lower than the value of Units on the Date of Receipt of Your instruction, the Regular Cancellation Date or the Effective Date, as appropriate to the type of transaction.

8.6.4 Notification of delay

Where it has been necessary to delay cancelling Units We will inform You in writing of the delay and again when the Unit cancellation has been completed.

Please refer to the "Other Charges and Limits" section in the Statement of Charges for details of associated charges levied on cashing in or switch transactions.

8.6.5 Transactions in the PruFund Range of Funds

We will always apply a 28 day delay in carrying out any request to cash in Units by discretionary switch from any Fund within the PruFund Range of Funds except where We specifically mention in these Contract Conditions under Part 3, Condition 3.4.2.

We will not normally apply the delay to Full Cash In transactions and Partial Withdrawals. The decision to apply the delay will be taken by the Directors of PAC who, at their absolute discretion, reserve the right to apply the delay at any time and without notice.

Where the Directors of PAC exercise the right to apply the 28 day delay to any Full Cash In transaction or Partial Withdrawal, the delay may be applied at an individual policy level, across a group of policies or applied to all policies at the Directors' discretion.

The purpose of the 28 day delay is to protect the PAC With-Profits Fund and the policyholders who invest in this Fund directly or indirectly from transactions that may be considered to have an adverse effect on the Fund or the investments of the current and future policyholders in that Fund. It is also in place to protect other investors in the Defined Charge Participating Sub-Fund from Withdrawals that would have an adverse impact on their investment returns.

We will not apply a 28 day delay to Regular Withdrawals or when cancelling Units to pay Adviser Charges from Your Bond (see Part 3 Condition 3.3.2.3 (b) and (c)).

By choosing from the PruFund Range of Funds, Your money is invested via a reinsurance contract into the Defined Charge Participating Sub-Fund of the PAC With-Profits Fund. This means that the PAC With-Profits Fund, which is controlled by the Directors of PAC, ultimately provides all the Benefits for Your PruFund investment.

8.6.5.1 Unit Prices

Where We apply a 28 day delay, the 28 days are consecutive calendar days. The Unit Prices used for the transactions will be those applicable on the date that the Units are cancelled, this means after 28 days have elapsed or the next Working Day if this day is not a Working Day. For example, if We receive Your instruction on or before 12 noon on a Wednesday, We will Process it using the Unit Price of the Wednesday 28 days later. This also means that the value of the Units on the day that the Units are cancelled may be different from what it was on the Date of Receipt of Your instruction or the Effective Date, as appropriate to the type of transaction. If this is the case the Unit value will also be different.

8.6.5.2 Notification of delay

Where We apply the 28 day delay, We will inform You in writing of the delay and again at each stage including when the Unit cancellation has been completed.

8.6.6 Transaction delays – general information

A transaction request is effective on the date that We specify in the relevant Conditions.

8.7 Currencies under the Bond

8.7.1 Base Fund Currency

The assets relating to each Internal Unit-Linked Fund will normally be valued at least once a week, to establish the price We will quote in the currency in which the Fund is valued.

8.7.2 Cash In Benefit Currency

We will pay Cash In Benefits out of Your Bond in the currency shown in the Contract Schedule unless We agree to make a payment in another currency.

8.7.3 Guarantee Currency

The Guaranteed Minimum Fund will be shown in the Contract Schedule in the currency of the PruFund Protected Fund that Units are held in.

8.7.4 Investment Currency

The Policy Documents will show the currency denomination of each Investment paid into the Bond. Normally all money for an Investment paid into the Bond should be remitted to Us in the same Investment Currency unless We agree to accept payment in another currency or currencies.

Where Your Payment in respect of an Investment consists of more than one amount and those amounts are remitted to Us in different currencies, We will convert each amount remitted to Your selected Investment Currency for that Investment before We credit the relevant monies to Your Bond.

8.7.5 Limit Currency

This is the currency chosen by You on Your Application Form which We will use for charges, and both minimum and maximum Investment limits. The Limit Currency is shown on the Contract Schedule.

8.7.6 Maturity Benefit Currency

We will pay the Maturity Benefit in the currency shown in the Contract Schedule unless We agree to make a payment in another currency.

8.8 Currency conversion

We will convert any currency at the prevailing market rate at the time. Market rate means the currency exchange rates We use each day and are “mid market rates as at 8am (GMT)”.

8.9 Changes to the Bond – Our right to set aside or change rules

We can set aside or change terms in the Agreement without notice or Your consent in the following circumstances:

- if it becomes impossible or unreasonable to follow them because of a change of legislation or regulations; or
- if the basis on which We are taxed changes but then We can only make changes to the Bond to the extent that in Our opinion maintains the balance between You and Us as it was before the change; or

- if We are required to pay a valid claim for tax regarding the Policies and/or the Bond provided that such payment does not arise as a result of the Company's failure to comply with any applicable tax law or regulation; or
- if a levy or financial restriction or penalty is imposed on the Bond and/or the Fund(s) the Bond is linked to, by a tax authority, government or supervisory body or other similar national or international body; or
- if the effect of continuing to apply the rules would be unfair to the Policyholder or to Our policyholders generally; or
- where there are changes in market rates or indices or tax rates; or
- to proportionately reflect any increased costs that We incur or will incur in the administration of Your Bond; or
- to make the Policy Documents clearer and correct any inaccuracies.

Except where it is impracticable to give advance notice of any changes or is prohibited by Applicable Law or Regulation, We will write to You as soon as is reasonably practicable to provide notice of any changes We have made under this Condition. If You are unhappy with any changes You should contact Us in accordance with Condition 8.15.

8.10 Irish residency – compliance provisions – residence in Ireland

A tax charge may arise under Irish tax regulations if a Policyholder is “**Resident**” or “**Ordinarily Resident**” (as defined in Section 819 and Section 820 of the Taxes Consolidation Act 1997) in Ireland when a “**Chargeable Event**” transaction, as defined in Section 730C of the Taxes Consolidation Act 1997, occurs. Please see Your Application Form for the meanings of Resident and Ordinarily Resident.

8.10.1 Declaration of residence

We will require a written declaration about the residence of any person, who is a Policyholder when a Chargeable Event transaction occurs, unless:

- (a) such a declaration has already been given with the original application for the Bond;
- (b) such a declaration has already been given on an earlier Chargeable Event transaction under the Bond.

8.10.2 Notification of residence in Ireland

Any person who is or becomes a Policyholder in relation to a Bond must tell Us if he becomes resident or ordinarily resident in Ireland at any time while the Bond is in force.

8.10.3 Deducting tax

We are required to deduct tax and pay it to the Irish Revenue Commissioners when a Chargeable Event transaction occurs under Irish tax legislation and the Policyholder is resident or ordinarily resident in Ireland. A tax deduction is made as follows:

- (a) If it is a transaction where We are paying out a Benefit or an Adviser Charge, We deduct the tax due from the value of the Benefit or Adviser Charge We pay.
- (b) If it is a change of ownership by way of an assignment, We deduct the tax from the value of the Bond.
- (c) We also deduct tax from the value of the Bond on each 8 year anniversary of the Initial Investment.

In short, the tax due when a Chargeable Event occurs is based on any gain in the value of the Bond.

8.10.4 Future changes

This Condition may change without notice to meet any changes to Irish tax regulations.

Where We do change this Condition We will write to You as soon as is reasonably practicable to provide notice of the change.

8.11 Law of the Policies – England

The Policies and this Agreement will be governed and interpreted in accordance with the law of England and Wales unless otherwise stated. The Courts of England will have exclusive jurisdiction to hear any disputes which result from or are about the Agreement.

8.12 Place of payment – Ireland

The place to make Your Payment into the Bond will be Our Administration Centre in Ireland.

Your Payment will not be regarded as having been received until a valid payment is in Our possession at Our Administration Centre in Ireland.

We will pay any Benefit payment from Our Administration Centre in Ireland.

8.13 Transaction limits

Certain limits apply to cancelling and crediting Units where You give Us instructions of the following type:

- Switches;
- Fully Cashing In;
- Regular or Partial Withdrawals;
- Adviser Charges.

These limits mean that We may not accept any instruction by You under any of these Conditions if, were We to do so, the value of the Units which:

- (a) would be cancelled from or credited to any Fund; or
- (b) would then remain in any Fund;

would be outside the limits which We have set. We can make changes to them from time to time without notice. Please see Part 7, Condition 7.7 for further details. The limits are described in Part 4, Condition 4.6, Part 5, Condition 5.4, Part 7, Condition 7.3.4 and in the Statement of Charges issued to You at the start of Your Bond.

8.14 Communications

You must send any written enquiry, correspondence and/or information that We require under these Contract Conditions to Our Administration Centre in Ireland.

You may telephone Our Administration Centre in Ireland on the number detailed in Your Policy Documentation for assistance with Your enquiry.

Forms for requesting servicing transactions, for example Fund Switches, Regular Withdrawals, Fully and Partially Cashing In, Additional Investments or for paying Adviser Charges to Your Financial Adviser, are available from Our Administration Centre in Ireland upon request. Forms for paying Adviser Charges are also available from Your Financial Adviser.

8.15 How to make a complaint

You should raise any complaint as soon as possible. In the first instance, please contact Your Financial Adviser as they may be able to resolve it quickly for You.

To make a complaint, You can write to Us at:

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

If You would rather phone, You can call Us on **+353 1 476 5000**.

In the unlikely event that We are unable to resolve any problem, You can contact the Financial Services & Pensions Ombudsman, in Ireland. The address is:

**Financial Services & Pensions Ombudsman
Lincoln House
Lincoln Place
Dublin 2
Ireland
D02 VH29**

Telephone: **+353 1 567 7000**

Website address: **www.fsppo.ie**

If You are resident in the UK, You can contact the Financial Ombudsman Service (FOS). The address is:

**Financial Ombudsman Service
Exchange Tower
London
E14 9SR**

Telephone: 0800 0234 567

Website address: www.financial-ombudsman.org.uk

If You are resident in Jersey, You can contact the Channel Islands Financial Ombudsman (CIFO). The address is:

Channel Islands Financial Ombudsman (CIFO)

P O Box 114

Jersey

Channel Islands

JE4 9QS

Telephone: +44 1534 748610

Website address: www.ci-fo.org

Your right to take legal action will not be affected by making a complaint to the Financial Services & Pensions Ombudsman, the Financial Ombudsman Service or the Channel Islands Financial Ombudsman, as appropriate.

8.16 Compensation

Prudential International exceeds its capital requirements and is financially strong. However, in the unlikely event that Prudential International, the fund manager, Prudential in the UK or the custodian of fund assets should fail to meet their financial obligations, You may face financial loss. Prudential International products will not be covered by a government-backed financial guarantee scheme, including the FSCS in the UK.

8.17 Rights of a third party

Other persons entitled to Benefits under the Bond have directly enforceable rights against Us in respect of those Benefits. Subject to this, nothing in this Agreement confers or purports to confer on any third party any Benefits or any right to enforce any provision of the Bond pursuant to the UK Contracts (Rights of Third Parties) Act 1999.

8.18 Our rights and remedies

Our failure to exercise, or a delay in exercising, any right or remedy provided to Us by the Conditions in this Agreement does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.

8.19 Severability

If any Condition of this Agreement is held by any competent authority or Court to be invalid or unenforceable in whole or part, the validity of the other provisions and the remainder of the provision in question shall not be affected thereby.

8.20 How We use Your personal information

In the Application Form for Your Bond We set out, within the Privacy Fair Collection Notice:

- details regarding how and why We use Your personal information (including sensitive personal information); and
- who We may share it with; and
- Your rights around personal information.

For a copy of Our latest Privacy Fair Collection Notice, please visit www.prudential-international.com/en/mydata-privacyfaircollectionnotice

To access this website, all characters must be typed in lowercase format.

If You require further information You can:
Write to the Data Protection Officer at:

Prudential International
Montague House
Adelaide Road
Dublin 2
Ireland

Call Us on: +353 1 476 5000

8.21 Contract of long-term insurance

The benefits arising under the Prudential International Investment Bond (Capital Redemption Option) relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

www.pru.co.uk/investments/investment-products/prudential-international-investments/

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc, a life assurance company operating from Ireland. Registration No. 209956. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland and in the context of its UK regulated activities only, is deemed authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.