This is just for advisers – it's not for use with clients.

Pru
part of M&G plc

Prudential Onshore Portfolio Bond

Target Market Information

This is based on Prudential's opinion and doesn't take into account individual circumstances.

What is the Prudential Onshore Portfolio Bond?

The Prudential Onshore Portfolio Bond is an investment bond that lets your client invest their money in a range of different funds.

This product aims to:

- increase the value of your client's investment over the medium to long term (5 to 10 years or more), by investing in their choice from a wide range such as collective investments and cash deposits.
- provide the ability to take a regular withdrawals in a tax efficient manner and access to the product value at any time.

Your client's capital is at risk. All references to tax in this document relate to UK tax only. Clients should seek tax advice to ensure the product is suitable for their individual circumstances before investing. Clients should consider making use of any investment allowances (e.g. ISA allowance) available to them before investing in this product.

What type of clients/investors is this designed for?

Retail client/investor

Professional client (e.g. trustees)

Corporate investor

Charities

Key: Appropriate | Not appropriate | Potentially appropriate

Target market – Client’s knowledge and experience		
We’ve based these on the standard definitions of types of investors included in the European Financial Management Association (EFMA).		
Basic Investor	• Basic knowledge of how investments work • Can make an informed investment decision based on the advice/ recommendation of a regulated intermediary, supported by appropriate information and documentation from the product manufacturer. • No experience of the financial industry • Usually a first-time investor	
Informed Investor	• Average knowledge of how investments work • Can make an informed investment decision based on the advice/ recommendation of a regulated intermediary and documentation from the product manufacturer, or with their own knowledge. • Understands specific factors or risks • Some experience of the financial industry	
Advanced Investor	• Good knowledge of how investments work • Good financial industry experience • Has access to professional investment advice	

Target Market – Client’s age		
Client’s age		**Target client**
Under 18	The minimum age for an owner of the bond is 18 years attained. The bond may not always be appropriate for those clients under 18 years of age. However, there may be exceptional cases whereby Prudential International may approve a concession for an owner aged less than the minimum age of 18 years attained.	
18-40	The bond is appropriate for this age group.	
40-80	The main target market for new business to this bond.	
80-89	The bond is appropriate for this age group but this is not the main target market for new business.	
Over 89	The maximum age for an owner of the bond is 89 years attained. The maximum age applies to the life/lives assured only, there is no maximum age for the owner(s), where they differ from the life/lives assured. The bond may be appropriate for this age group but this is not the main target market for new business. An example of where the bond may be appropriate for this older age group is for a client seeking inheritance tax planning.	

Target Market – Maturity Date		
Maturity Date		Target client
Fixed Maturity Date	The bond is not available with a fixed term. There is no Capital Redemption version of the bond.	✗
No Maturity Date	The bond is available as a whole of life product with no maturity date.	✓

Target Market – Investment Horizon		
Investment Horizon		Target client
Less than 5 years	The investment options offered on the bond are designed to be held for at least 5 to 10 years or more. Holding them for less than that period could impact the likely returns, however it may be appropriate in some circumstances. For example, a client seeking inheritance tax planning.	/
5-10 years	The investment options offered on the bond are designed to be held for at least 5 to 10 years or more. Holding them for less than that period could impact the likely returns, however it may be appropriate in some circumstances. For example, a client seeking inheritance tax planning.	/
More than 10 years	The investment options offered on the bond are designed to be held for at least 5 to 10 years or more. Income tax deferred withdrawals of up to 5% p.a. of the initial investment (and of any subsequent additional investments) are available until 100% of the invested amount has been taken, after that point, income tax may be liable on future withdrawals. This could happen once the bond was 20 years old.	✓

Target Market – Investment Amount		
Investment Amount		Target client
Less than £15k	The minimum investment for the bond is £15k. The bond may not always be appropriate for an investment of less than £15k. An ISA may provide a more tax efficient investment for these investment amounts. However, the bond may be appropriate where ISA and Pension allowances have been fully used.	/
£15k – £50k	The minimum investment for the bond is £15k. The bond is appropriate for an investment of between £15k and £50k, assuming ISA and Pension planning has been completed and relevant tax allowances fully used.	✓
More than £50k	The minimum investment for the bond is £15k. The bond is appropriate for an investment of £50k or more. Particularly if there is a requirement for withdrawals.	✓

Target Market – Tax		
Client's UK tax status on surrender		**Target client**
Non tax payer	This may not be the most tax efficient product for a non tax payer as the bond is taxed throughout the policy term. There may be other investment vehicles which are more appropriate for those who do not currently pay tax.	/
Basic Rate Taxpayer	The bond is taxed at a level equivalent to basic rate tax. This means basic rate taxpayers are unlikely to have additional tax to pay when they withdraw funds.	✓
Higher or Additional Rate Taxpayer	The bond is taxed at a level equivalent to basic rate tax. Those who are higher or additional rate taxpayers and remain so when lump sum payments are taken from the bond will have an additional Income tax liability, which could be up to 25% of any gain.	/

Target market – Client's risk tolerance		
Risk Tolerance		**Target client**
Limited/ Low-Medium Risk	The bond will be appropriate for those clients who can afford to lose some capital. The bond will offer access to a range of funds, covering different risk attitudes. It is important to match the risk rating of the fund to the risk appetite of the client.	✓
Unlimited/ Medium-High Risk	The bond will be appropriate for those clients who can afford to lose all of their capital. The bond will offer access to a range of funds, covering different risk attitudes. It is important to match the risk rating of the fund to the risk appetite of the client.	✓
None/Low Risk	The bond is not appropriate for those clients who are unable to accept any capital loss.	✗

Target Market – Client’s need/objective			
Client’s need/ objective		**Please note:**	**Target client**
Capital Growth	Client is looking for investment returns in excess of those available from cash, suited to their risk profile, in a tax-efficient manner.	It is not guaranteed, so the value of capital could fall also.	✓
Regular withdrawals	Client is looking to take regular withdrawals to provide income.	If the withdrawals taken are greater than the amount of growth, then they will erode the value of the bond.	✓
Withdrawal flexibility	Client is looking for the ability to take fixed regular withdrawals or one off withdrawals to help cater for changing personal needs and circumstances.	If the withdrawals taken are greater than the amount of growth, then they will erode the value of the bond. There will be a potential income tax liability if regular withdrawals over 5% p.a. of the total amount invested are taken. Larger withdrawals can be taken but care is needed to ensure the most appropriate method is selected, particularly given the different tax rules applicable for one off withdrawals. In any 12-month period, the maximum regular withdrawal amount is 10% of the total money invested into the bond.	✓
Tax Free Growth	Client is looking for tax free growth within their bond. Growth in investment funds within the bond roll up free of tax.	If regular withdrawals of more than 5% p.a. of the total amount invested are required, income tax may be due immediately. Certain payments from the bond such as Ongoing Adviser Charges will also count towards the 5% p.a. allowance.	✗
Change Investments	Client is looking to possibly move money between funds within the bond.	Frequent switching could incur losses, depending on the performance of the funds.	✓
Add more money	Client is looking to add more money to their bond. It is possible to add more money to the bond, subject to product and trust rules.	The minimum investment amount for adding more money is £2,500, and it is important for the investment time horizon to still match that of the bond horizon (i.e. at least 5 to 10 years or more).	✓
Pass product on	Client is looking to gift all or part of the bond to their beneficiaries on or before their death.	There are potential tax implications to assigning a bond.	✓

Smoothed Investment Funds	Client is looking for protection from some of the short-term ups and downs of direct stock market investments by using a with-profits fund with a smoothing process.		✗
Wide range of fund selection	Client is looking for access to a wide range of funds, covering different asset categories and risk attitudes.	The funds have different risk ratings, it is important to match the risk rating of the fund to the risk appetite of the client.	✓
Cash	Client is looking to hold money in cash as part of their investment choice. The bond will include a cash account.	Cash is not suitable as a long term investment, as inflation and charges will erode the value of the bond.	✓
Income tax Efficiency	Client is looking for a tax efficient income. Income tax on withdrawals up to 5% p.a. of the total amount invested is deferred until 100% of the invested amount is reached. Further tax may be payable depending on the tax status of the client.	If regular withdrawals of more than 5% p.a. of the total amount invested are required, income tax may be due immediately.	/
Inheritance Tax Efficiency	Client is looking to reduce the inheritance tax due on their estate at their death. An Onshore bond can be gifted into a trust which may offer inheritance tax benefits.	Trusts are a popular way to gift money to reduce the value of a client's estate. They are complicated and care is needed to ensure they are used appropriately.	✓
Capital Gains Tax Efficiency	Client is looking to reduce Capital Gains Tax paid on their investments. Onshore bonds do not have a capital gains tax liability – unless they have been sold on.	A second-hand bond may have a capital gains tax liability.	✓
Short Term Investment	The recommended holding period for the bond is 5 to 10 years or more. It is not recommended that a client need for short term investment is achieved through investment in the bond, however it may be appropriate in some circumstances. For example, where it is being used for Inheritance Tax planning.	It is not recommended that a client need for short term investment is achieved through investment in the bond, however it may be appropriate in some circumstances. For example, where it is being used for Inheritance Tax planning.	/

Easy Access to Capital	Client is looking to access their capital during the lifetime of the bond, including within the first 5 years.	The aim of the bond is to provide long term capital growth with the potential for tax efficient withdrawals. Withdrawals from the bond are permitted however, if regular withdrawals of more than 5% p.a. of the total amount invested are required, income tax may be due immediately. It is not intended to be used like a bank account but capital can be accessed if necessary.	/
Capital Guarantees	Client is looking to protect their capital by using a Capital Guarantee.		✗
Withdrawal Guarantees	Client is looking to protect their withdrawals.	There are no income guarantees available on the bond. If withdrawals taken are greater than the amount of growth, then they will erode the value of the bond.	✗
Sustainability Considerations	Client is looking for funds* that consider environmental, social and governance factors or sustainability as part of the investment strategy		/

* Please note funds have different financial risk ratings, it is important that this rating of the fund matches the risk appetite of the client.

How does your client invest in this product?		
Execution-only*	✗	This product can't be purchased without advice.
Non-advised	✗	This product can't be purchased without advice.
Advised	✓	This product is available on an advised basis.

* Execution-only covers situations where the client has an adviser but is transacting without advice.

How do you assess price and value for the product?

Our approach to assessing fair value considers the product or service as a packaged product. It makes allowance for the individual components which we manufacture that make up the packaged product. Where there is another manufacturer, we will rely on their fair value assessment in respect of their individual component(s) within their packaged product. For example, for Open-Ended Investment Companies (OEICs) we will rely on the fund manufacturers assessment of value. In addition, it makes no allowance for any adviser charges that we may facilitate. Please see our Consumer Duty webpages **mandg.com/pru/consumer-duty** which provide details on how we undertake value assessment.

What target market assessment do you undertake as part of your consumer duty and product management processes?

As part of our ongoing product management process, we consider the foreseeable harms and poor client outcomes that could result from the product's design, management or administration. This includes an assessment of the clients and client groups within the target market as well as an assessment that consider clients with characteristics of vulnerabilities and those with protected characteristics.

Any foreseeable harms, product features, benefits or charges that may impact client outcomes, as a whole or specific client groups, are considered using a risk-based approach in accordance with the FCA's guidance on reasonableness in relation to both client expectations and firm behaviours.

Vulnerable clients

We appreciate clients could find themselves in vulnerable circumstances at any time whilst invested in this product. We will aim to ensure that vulnerable clients invested in this product continue to be treated fairly and receive the same outcomes as other clients.

For more information, please contact your Prudential Account Manager.

GENM940210 10/2023_WEB