Pru
part of M&G plc

International Portfolio Bond

Key Reasons

We appreciate that you'll have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile when giving your customers a personal recommendation.

These paragraphs are designed to help you prepare your suitability report for your customer. They're not intended to form the full content of the suitability report. It is your responsibility to ensure that the report includes your customers' demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product may have.

Please note that if you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure the accuracy of the following information, Prudential can accept no liability if you decide to use it.

These paragraphs are suitable for UK residents only.

Full details of the International Portfolio Bond are available through the key features document or the terms and conditions.

Aims, commitments and risks of the International Portfolio Bond

Aims	The bond 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 of assets from a wide range of collective investments and cash. • provide the ability to take regular withdrawals in a tax efficient manner and access to the product's value at any time. • balance risk and potential rewards throughout the life of this product. • allow the customer to invest in the PruFund range of funds
Commitment	To invest at least £20,000, over the medium to long term (at least 5-10 years).
Risks	The value of the investments, and any income from them, is not guaranteed and may go down as well as up. The customer may get back less than they have paid in.

Why Invest Offshore	
Gross roll up	Prudential International is based in Dublin, Ireland and as a result the customers' money will roll up free of tax other than withholding tax (which applies to the dividend income on some assets held in the funds). This can give them a potentially higher return than investing in UK based funds. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances. Offshore is a common term that is used to describe a range of locations where companies can offer customers growth on their funds that is largely free from tax. This includes "true offshore" locations such as the Channel Islands and Isle of Man, and other locations such as Dublin – where Prudential International is registered. Tax treatment can vary from one type of investment to another and from one market to another.
Tax deferral	(Individual investors only) The customer will want to Invest tax-efficiently. Normally they will not have any UK tax liability on the investment growth until they withdraw money from their bond. The customer may be able to reduce their eventual tax liability by making a withdrawal or cashing in their bond at a time when they are in a lower tax bracket. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.
Investment choice	The International Portfolio Bond offers a wide range of investment options, including our PruFund range of funds and access to hundreds of collective funds.
Currency	The International Portfolio Bond accepts payment in GBP only. For payments out, these will also be made in GBP only.

General Product Details	
Minimum premium	The customer can invest a lump sum of at least £20,000. This limit is after the deduction of any setup charge.
Top ups	The customer can add to the bond in the future from a minimum of £5,000.
Accessibility	The customer is prepared to invest for the medium to long term (5-10 years or more), but may want to be able to access their money if they need to. With the International Portfolio Bond, they can make withdrawals at any time, subject to a minimum payment of £50.

General Product Details – continued	
Regular withdrawal options a) Level of withdrawals	The customer has chosen to take regular withdrawals from the bond of <£X a year/ X% of the amount they are investing/A% of their bond value>. If they wish, they can change their choice in the future, to: (select as appropriate) • A fixed amount Any withdrawal taken will reduce the value of the customers bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.
b) Variable withdrawals	The customer has chosen to take regular withdrawals of <x%> of the value of their bond. This means that, if the value of their bond falls, the amount of their withdrawals will also fall. Of course, if the value of their bond rises, the amount of their withdrawals will also rise, helping them to meet increases in the cost of living. Any withdrawal taken will reduce the value of the customers bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.
c) Fixed withdrawals	The customer has chosen to take fixed regular withdrawals of <£X a year/X% of the total amount(s) they have paid into their bond. If they wish, they can change this choice in the future to take variable withdrawals of a percentage of their bond value. This would give them increasing payments over time if the value of their bond were to grow, although the payments would reduce if the value were to go down. Any withdrawal taken will reduce the value of their bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.
d) Frequency of withdrawal	The customer has chosen to take regular withdrawals <every month/every three months/ every six months/ every year>. If they wish, they can change the frequency of their withdrawals in the future. Other options are every <month, three months, six months or year>. Any withdrawal taken will reduce the value of their bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.
e) Future withdrawals option	The customer does not wish to take immediate regular withdrawals from their bond but may wish to do so in the future. The International Portfolio Bond allows them to start taking regular withdrawals at any time, subject to a minimum payment of £50. Any withdrawal taken will reduce the value of their bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.
f) Fund selection for withdrawals	The customer can specify the funds they would like their withdrawals to come from. Any withdrawal taken will reduce the value of their bond. If the withdrawals are more than any overall growth achieved the value of their bond will reduce below the level of original capital invested.

General Product Details – continued	
Product Charges	This is a monthly charge and is dependent on the total value of the bond, as shown in the table below.

Total value of the bond (£)	Product Charge (% per annum)
0.00 – 49,999.99	0.45%
50,000.00 – 149,999.99	0.40%
150,000.00 – 749,999.99	0.30%
750,000.00 – 999,999.99	0.275%
1,000,000.00 +	0.25%

Tax – efficient withdrawals	(Individual investors only) The customer can supplement their current income without increasing their current tax bill. The customer can take up to 5% of their initial investment (net of any set up charge) as withdrawals each year and any tax liability will be deferred until their bond ends. Any of this allowance they do not use one year can be taken up later and it can continue until they have taken the full amount that they put into their bond. If they exceed the allowance there may be an income tax charge. Any ad hoc or ongoing adviser charges that are met from the bond will count towards the 5% tax deferred allowance. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.
Loan relationship rules	(UK corporate investors only) As a UK corporate investor, any life assurance bonds the customer holds will be taxed under the Loan relationships legislation. This means the 5% annual tax deferred allowance will no longer apply and the bond will not be taxed under chargeable event rules. An element of deferral may still be available to companies whose accounting policies allow 'historic cost' accounting. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.
Assignment	If the customer wishes, they can assign the bond at any time to someone else. If they assign it as a gift (not for money or money's worth), there will be no tax charge at that time and any future tax charges will normally be assessed on the new owner. This could offer a tax advantage if the new owner pays tax at a lower rate than you do. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

General Product Details – continued	
Self-assessment	The customer won't need to include details of the bond on their self-assessment form until a 'chargeable event' arises for example, if they withdraw more than the 5% tax-deferred allowance. If this happens, they will only need to include the bond itself, not each of the funds they hold within it. This means their paperwork will be simpler than if they held similar funds as separate investments, especially with funds that produce income, which they would otherwise have to declare annually. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances. The value of an investment is not guaranteed and can go down as well as up. The customer could get back less than they have invested.
Death Benefit (Lives Assured Only)	If the customer dies while still holding their bond, Prudential International will pay a total of: • 0.1% of the value of bond holdings held under the bond at the date we are told of the death of the relevant life assured; and • the value of bond holdings held under the bond following settlement of the final bond holding to be sold and the proceeds added to the customers cash account (less any appropriate deductions).
Maturity Benefit (Capital Redemption Only)	If the bond is not cashed in before the maturity date, the maturity benefit will be the higher of the bond value at that time and a Guaranteed Maturity Value. The Guaranteed Maturity Value is 101%of the total amount of investments into the bond, less 101% of any withdrawals (including any adviser charges)that are made taken from the bond. There is a minimum maturity benefit of £100. The value of an investment is not guaranteed and can go down as well as up. The customer could get back less than they have invested.

Investment Options	
Fund choices	The International Portfolio Bond offers a wide range of investment options, including our PruFund range of funds and access to hundreds of collective funds.
PruFund	The PruFund range of funds aim to grow money over the medium to long term (5 to 10 years or more), while protecting your customer from some of the short – term ups and downs of direct stock market investments by using an established smoothing process. This means that whilst your customer won't benefit from the full upside of any potential stock market rises, they won't suffer from the full effects of any downfalls either. The PruFund range of funds all invest in Prudential's With-Profits Fund, which is one of the largest with-profits funds in the UK. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to investors when compared to other With-Profits business, which means the returns received by investors will vary by fund choice. Please refer to "Your With-Profits Bond – a guide to how we manage the fund (PruFund range of funds)" reference NIPB514606 for more information. PruFund funds are multi asset funds which means your customer gets access to a wide range of assets, across different asset types and countries. This allows the customer to spread the risk of investment. This diversification aims to balance the performance of the various different assets, so your customer's eggs aren't all in one basket. In essence this aims to offset poor performance in one asset type with good performance in another. **Expected Growth Rates and Unit Price Adjustments** The PruFund range of funds has an established smoothing process which uses Expected Growth Rates, and where required Unit Price Adjustments, to deliver a smoothed investment journey. It aims to provide some protection from the extreme short-term ups and downs of direct investment. Prudential set Expected Growth Rates (EGRs); these are the annualised rates your customer's investment would normally grow by. The Expected Growth Rates (EGRs) reflect our view of how we think each PruFund fund will perform over the long term (up to 15 years). Each PruFund fund has its own EGR and the customers' investments into a PruFund will normally grow daily by the relevant EGR. Although we take a long – term view, we do review the rates every three months to allow for any changes, which may mean a change in EGRs on a quarterly basis, up or down. While the EGR reflects our long term view, we need to check that the fund is performing as expected – if not we may need to make an adjustment to the fund value, either up or down. There are limits which set out when an adjustment would be required. The value of the investment in a PruFund fund is based on the Smoothed Price, this is the unit price, which grows daily by the EGR. We compare the Smoothed Price against the Unsmoothed Price – which reflects the value of underlying assets. If these move too far away from one another we need to adjust the Smoothed Price to narrow the gap. This could be a price increase or a price decrease. We may decide to reset the unit price of a PruFund fund to the unsmoothed price on a particular day, to protect the With-Profits Fund. There may also be occasions where we have to suspend the smoothing process for one or more PruFund funds for a period of consecutive days, to protect our With-Profits Fund.

Investment Options – continued	
PruFund – continued	**Range of PruFunds** The fund aims for steady and consistent growth over the medium to long term (5 to 10 years or more) through a cautious approach to investing. The fund invests in UK and international equities, property, fixed financial securities, index-linked securities, cash and other specialist investments. The fund will aim to invest 50 – 75% in fixed financial securities, index-linked securities and cash although we may occasionally move outside this range to meet the fund objectives. The PruFund Growth Fund aims to maximise growth over the medium to long term (5 to 10 years or more) by investing in shares, property, fixed-interest and other investments. The fund currently invests in UK and international equities, property, fixed financial securities, index-linked securities and other specialist investments. While the PruFund funds aim to grow the customers money and provide a smoothed investment journey, there are optional guarantees (for an additional charge) which are offered on the PruFund Cautious Fund and the PruFund Growth Fund. **PruFund Warning** The value of an investment is not guaranteed and can go down as well as up. The customer could get back less than they have invested. For the range of PruFund funds, what you will receive will depend on the value of the underlying investments, the Expected Growth Rates as set by the Prudential Directors, our charges, the smoothing process, if there is a guarantee and when you take your money out.
Multi-asset Investment Fund Range	This includes our M&G Treasury & Investment Office (T&IO) managed PruFund Range of Funds and two risk-managed multi-asset families of funds – Risk Managed Active and Risk Managed Passive fund ranges.
Risk Managed Active range	The Risk Managed Active range provide access to a unique combination of experts: • T&IO for asset allocation • Morningstar Investment Management Europe Ltd for fund selection The five funds target different levels of risk and potential return. This reduces your time and effort when building individual portfolios.
Risk Managed Passive range	The five Risk Managed Passive funds are designed to meet different investment objectives and help target client's different attitudes to risk. Risk Managed Passive funds invest in both passive and actively managed funds.
PruFund Planet Range	A range of five funds, each with their own risk profile, that seek to deliver positive environmental and societal outcomes.
Collective Funds	Access to hundreds of collective funds – from external fund managers and investment companies covering most Investment Association sectors.
ESG Investment Options	There are a range of ESG rated funds available, which invest in asset classes such as equities, fixed income, property and alternatives.
Cash Account	All investments in and payments out go via the cash account. We also use the cash account to pay any adviser charges taken from the bond and non PruFund product charges. There's no minimum amount required in this account

Investment Options – continued	
Trading (switches)	The customer can move money between investments at any time. There's no charge for this. A switch request involving any of the PruFunds may only be made once every three months. Any Fund Switch will be subject to a 28 day waiting period and actioned using the unit price applying on the 28th calendar day (or the next working day if this is not a working day).
Capital gains tax	If the customer switches part of their investment from one fund to another, they will not have any capital gains tax liability on any profit they make from the switch. This may save them tax compared with, say, switching investments from one unit trust to another. They will also not need to include it on their self-assessment form. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice ,all of which are liable to change without notice. The impact of taxation (and any tax reliefs)depends on individual circumstances. The value of an investment is not guaranteed and can go down as well as up. The customer could get back less than they have invested.
Trust Options	
At issue trust	(Where applicable) The customer is applying for this bond in conjunction with a <insert type of trust>.

Why Prudential International?	
Size	Prudential International is part of the M&G Group who serves around 5.3 million retail customers and more than 800 institutional clients (as at 31 December 2022).
Financial strength	Prudential International benefits from the financial and investment strength of the Group, enabling it to provide flexible and effective investments for its customers. (For With-Profits investors) Investments in The Prudential Assurance Company Limited (PAC) With-Profits funds are the PruFund range of funds are available in Sterling, Euro and US Dollar currency denominations and are invested in the defined charge participating sub-fund (DCPSF) of the long term fund of PAC.
Policyholder Protection	In the unlikely event Prudential International fails your bond does not have FSCS protection. I do not consider this to be a material issue affecting my recommendation. The benefits of <<advantageous tax treatment of the offshore bond / access to PruFund in an offshore tax wrapper>> outweighs the small risk of having no FSCS protection. I consider the risk of loss due to lack of FSCS to be immaterial. Even though FSCS protection fell away when the UK left the EU, there are several layers of policyholder protection still in place that have always been there and are designed to protect policyholders assets and prevent insurance companies liabilities falling on the FSCS. Prudential International are still within the EU and are therefore bound by EU regulations that require them to ensure they remain financially strong and hold sufficient assets to meet policyholder liabilities. The Irish authorities also have a strict monitoring regime in place intended to ensure policyholder interests are protected. In addition to these regulatory measures, all PruFund investments are reinsured to Prudential Assurance Company who are a financially strong company, with similarly robust solvency requirements and who have been in business for over 150 years. Should PIA fail these assets will still be held by PAC and unlike UK insurance companies, under Irish law policyholders' insurance claims take precedence over any other creditor to whom money is owed (other than the cost of winding the company up i.e. liquidator's expenses).
Regulation	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.
External funds	If an external fund manager becomes insolvent, there is a risk that Prudential International will not be able to recover the full value of any units of a relevant externally-linked fund that are held under the bond. If this situation arises and Prudential International cannot recover the full value of the units, it will not be liable for the shortfall.

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