

International Portfolio Bond

Target Market Information

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

What is the International Portfolio Bond?

The International Portfolio Bond is an investment bond that lets your client invest their money in a range of different assets. It's suitable for any of your clients that would find access to a 'gross roll up' investment product beneficial from a tax perspective. Clients should consider making use of any ISA allowance available to them before investing in this product.

It 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.

Your client's capital is at risk.

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

Target customer



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



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 

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




Target Market – Client's age

Client's age		Target customer
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 customer seeking inheritance tax planning.	




Target Market – Maturity Date

Maturity Date		Target customer
Fixed Maturity Date	The bond is available with a fixed term of 99 years. The customer should choose the Capital Redemption version of the bond.	
No Maturity Date	The bond is available as a whole of life product with no maturity date. The customer should choose the Lives Assured version of the bond.	




Target Market – Investment Horizon

Investment Horizon		Target customer
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 customer 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 customer 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 customer
Less than £15k	The minimum investment for the bond is £20k. 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 £20k. The bond may be appropriate for an investment of between £15k and £20k, assuming ISA and Pension planning has been completed and relevant tax allowances fully used.	
More than £50k	The minimum investment for the bond is £20k. 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 customer
Non tax payer	The bond is not subject to tax on investment growth; tax is paid on surrender of the bond. Where the customer is a non tax payer at surrender, the bond can be a very tax efficient investment.	
Basic Rate Taxpayer	In certain circumstances the bond may be appropriate where the customer is expected to be a basic rate tax payer on surrender. The customer should speak to their financial adviser for specific advice.	
Higher or Additional Rate Taxpayer	Where the customer is expected to be a higher or additional rate tax payer on surrender, it is unlikely that an offshore bond would provide the most tax efficient investment. However, there are certain circumstances where an offshore bond would be appropriate. The customer should speak to their financial adviser for specific advice.	





Target market – Client's risk tolerance

Risk Tolerance		Target customer
Limited/ Low-Medium Risk	The bond will be appropriate for those customers 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 customer.	
Unlimited/ Medium-High Risk	The bond will be appropriate for those customers 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 customer.	
None/Low Risk	The bond is not appropriate for those customers who are unable to accept any capital loss. Capital Guarantees are not currently offered on the PruFund range of funds available on the International Portfolio Bond.	




Target Market – Client's need/objective

Client's need/objective		Please note:	Target customer
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. 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.	
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. are required income tax may be due immediately.	
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.	There is a minimum investment amount for adding more money, 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 customer.	
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. is deferred until 100% of the invested amount is reached. Further tax may be payable depending on the tax status of the customer.	If regular withdrawals of more than 5% p.a. 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 International 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 customer'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. International 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.	

Target Market – Client's need/objective

Short Term Investment	The recommended holding period for the bond is 5 to 10 years or more. It is not recommended that a customer 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 customer 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. 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.	Capital Guarantees are not currently offered on the PruFund range of funds available on the bond.	
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.	

How does your client invest in this product?

Execution-only*		This product shouldn't be purchased without advice.
Non-advised		This product shouldn't be purchased without advice.
Advised		This product is available on an advised basis.

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

For more information, please contact your Prudential Account Manager.

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