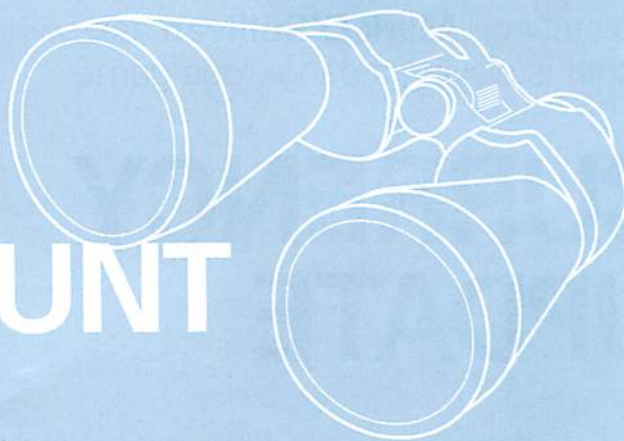


PRUDENTIAL INTERNATIONAL PORTFOLIO ACCOUNT



This month our trusty product crunchers give their verdict on Prudential International's Portfolio Account

By Richard Leeson, international sales manager at Prudential

Portfolio Account is a single-premium offshore portfolio bond that brings together open architecture, highly favourable fund terms and factory-gate pricing in one tax-efficient wrapper.

The choice of over 2,000 funds allows advisers to meet the full spectrum of client needs, from core portfolios to highly specialist investments. Central is our range of in-house funds from Prudential and M&G, which are supported by funds from other leading managers across all global markets.

As part of our commitment to offering real value, we have negotiated annual management charge rebates on many funds, which we pass on to clients to enhance their investments. We accrue these rebates daily and credit them quarterly, so clients know upfront what they will get.

We have also negotiated discounted initial charges on the majority of funds. In fact, over 90% of the funds available have a nil initial charge, maximising value for investors.

Flexibility

After research both within the market and among advisers, we designed four flexible and transparent charging options for Portfolio Account. These allow advisers to tailor charges to each individual client's circumstances.

- Establishment charge option: taken over five years
- Initial charge option: taken from initial premium
- Ongoing charge option – establishment version: ongoing portfolio charge, with commission funded through an establishment charge over five years
- Ongoing charge option – initial version: ongoing portfolio charge, with commission funded through



Richard Leeson, Prudential

a charge taken from initial premium.

For maximum flexibility, commission can be given in steps of up to 0.1% and used to reduce charges or enhance allocation. Advisers can also choose to specify commission in monetary terms. To allow cost-effective active management, the bond provides 20 free deals in year one – currently worth £460 – and 10 thereafter, worth £230 a year.

We make it easy for the client to access his money, with a range of regular withdrawal frequencies and no additional charge for regular or one-off withdrawals.

To add flexibility for those who travel widely or are planning to retire abroad, investors can select from a range of currencies for the initial investment, the plan denomination, withdrawals, and the death or maturity benefit. Portfolio Account also offers a capital redemption option as an alternative to a life assurance basis.

We have also introduced a service charter that sets out our standards for each area, from pre- to post-

sale: illustration requests; new business notification; policy issue and documents; commission payments; valuations; dealing; and withdrawals and surrenders.

Our online facilities include illustrations, new business tracking and a search of the complete list of available funds under various criteria, such as fund management group, sector and discounted charges.

Technical support

In addition to our team in Dublin, we have a technical helpline headed by a tax and trusts specialist. We also have a dedicated offshore sales team with a single phone number. A range of absolute and discretionary trusts is available to support Portfolio Account, and there is a comprehensive suite of literature that covers specialist areas such as trust and tax planning, as well as the bond itself.

The elimination of the initial charge on the majority of funds, coupled with the flexibility of the charging and commission options, makes Portfolio Account excellent value for money. This is further enhanced by the annual management charge rebate on many funds, which we – unlike other providers – accrue daily, regardless of when we receive it, not to mention the free switches provided.

KEY FEATURES

- Minimum investment £50,000 or currency equivalent
- Four flexible charging options with variable commission
- Over 2,000 funds available
- Nil initial charge on more than 90% of funds
- Annual management charge rebates on many funds, accrued daily
- 20 free switches in first year, 10 every year thereafter
- Full range of trusts for tax planning

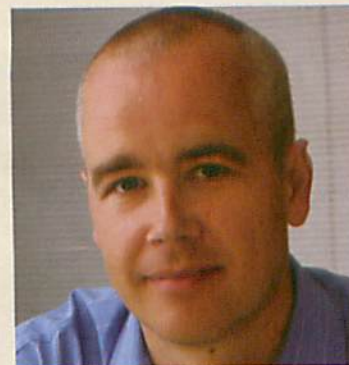
THE PRODUCT CRUNCHERS



Lee Robertson, chief executive officer, Investment Quorum



Mike Larbalestier, managing director, Rossborough Financial Services



Peter Chadborn, principal of CBK (Colchester)

Fund choice

The fund range is excellent, with well over 2,000 funds to choose from. These range from most of the usual suspects to many boutique-type funds that rarely appear in similar products. Prudential's own Portfolio Management Group of economists and strategists are available in terms of multi-asset investment.

9/10

Flexibility

The product does appear to be highly flexible: single, joint or multiple lives, capital redemption option on either whole-of-life or fixed term of 99 years. Trustee investment is also permissible. The account supports an external discretionary manager if required, a wide range of regular withdrawal timing and currency options, and various trusts.

8/10

Service standards

Prudential International has published a Service Charter detailing timescales for the usual transactions and functions associated with this type of product. As any intermediary will attest, this is where most insurers struggle, so it is encouraging to see a real effort to set standards.

8/10

Technical support

The technical support available via the dedicated website is excellent. All necessary literature is available, and includes application forms, charges calculator, key features documents, service charges, fund range, brochures, tax notes, template letters and new business tracking.

9/10

Value for money

The charges for a product this flexible seem at the better end of the usual range and, with the commission rebate options, should put this product into the research radar.

8/10

Fund choice

Although Prudential advertises a core fund range of over 2,000 funds, the Portfolio Account is in effect completely open architecture and includes access to discretionary investment management.

10/10

Flexibility

Prudential sensibly offers no upfront commission for clients who prefer to pay a fee, as well as ongoing commission. Restricting the charging structures to four simple options is a breath of fresh air when compared to the complex array of structures offered by most offshore providers.

9/10

Service standards

Prudential assigns a personal telephone account manager, enabling relationships to be formed with individuals rather than an anonymous call centre. Pru has also taken a bold move in issuing a Service Charter stating the minimum response time for the issue of illustrations, payments and so on.

10/10

Technical support

Within the huge Prudential organisation, there are a number of extremely competent technical individuals. An online client facility is not currently available, but this will hopefully be available later in the year.

8/10

Value for money

Prudential boasts that over 90% of the core fund range will incur no initial charges, and many of the fund annual management charges (AMCs) have also been reduced. The credit of AMC rebates is carried out on a quarterly basis to the client's deposit account within the bond structure, irrespective of when they are actually received from the fund house.

9/10

Fund choice

With over 2,000 funds available, the fund choice should be sufficient for most. The extensive list includes most of the investment houses one would expect to see, as well as a decent range of non-mainstream companies.

9/10

Flexibility

Standard policy clusters are 20, but up to 100 are available. The plan has all manner of regular withdrawal options, and the same or different currency options are available for the investment, cash-in benefit, death benefit and the maturity benefit, where applicable. There are 10 free fund deals per year for external funds, and 20 in the first year is a sufficient amount. Combined with the various charging options, this makes the product suitably flexible.

8/10

Service standards

The provision of a comprehensive Service Charter instils confidence as providers do not always make these readily available. Service levels from Prudential are usually good.

7/10

Technical support

Prudential as a brand generally provides good technical support, so I see no reason why the support for this product will be any different.

7/10

Value for money

There are four commission and charging options, which appear relatively fair and straightforward bearing in mind the type of product. It is good to see some consistency among the different models although there is always room for improvement. Good initial charge rebates sees most funds reduced to nil and AMC rebates are also prevalent.

7/10

AVERAGE

8/10

AVERAGE

9/10

AVERAGE

7.5/10

PRUDENTIAL INTERNATIONAL – PORTFOLIO ACCOUNT

Company	Contract	Single Life	Joint Life First Death	Joint Life Last Death	Minimum Initial Investment (£)	Minimum Additional Investment (£)	Switching charge	Penalty For Partial Surrender (£)	Penalty For Full Surrender (£)	Exit charges Years 1-5 (%)
Prudential International	Prudential Portfolio Account	Yes	No	Yes	50000	5000	see notes*	Exit charge	Exit charge	Establishment charge – see notes*
	1. Establishment Charge Option	Yes	No	Yes	50000	5000	see notes*	None	None	None
	2. Initial Charge Option	Yes	No	Yes	50000	5000	see notes*	Exit charge	Exit charge	Establishment charge – see notes*
	3. Ongoing Charge Option – Establishment Version	Yes	No	Yes	50000	5000	see notes*	None	None	None
	4. Ongoing Charge Option – Initial Version	Yes	No	Yes	50000	5000	see notes*	None	None	None

*Notes: Yes – establishment charge – % of the fund value per annum for first 5 years. Source: Synaptic, www.synaptic.co.uk. All data correct as at 23/04/08. Note: Synaptic Systems makes every effort to ensure any data provided is of highest integrity, but it cannot accept responsibility for any errors or omissions, or warrant that any information supplied by a third party is accurate or complete.

