

Feb 2020



Important Document

重要函件

Dear Valued Customer,

Re: Change in respect of Barings Global Senior Secured Bond Fund (Code: BSS) (the "PRU-Investment Choice") available under the Policies (as defined below)

IMPORTANT: This notice contains important information and requires your immediate attention. Please read this notice carefully and seek independent professional advice if you have any questions about this notice. Prudential Hong Kong Limited ("Prudential") accepts responsibility for the accuracy of the contents of this notice.

Thank you for choosing Prudential.

The **PRU-Investment Choice** is available under PRUlink portfolio investment plan, PRUlink single premium investment plan, PRUlink investment plan, PRUlink smart wealth builder, PRUKid extra (previously known as PRUKid edulink), PRUlink assurance (previously known as PRUlink Diamond, PRUlink Gold and PRUlink Silver), PRUlink assurance plus, PRUlink investlife, PRUlink optimiser plus (previously known as PRUlink optimizer), PRUretirement extra (previously known as PRUretirement plus and PRUretirement plan), Investment Plus, PRUflexilife, PRUlink maxisavings, PRUlink protector, and PRUlink wealth builder (collectively, the "**Policies**").

We have been informed by the directors of Barings Umbrella Fund plc ("**Barings**") that Barings has decided to replace anti-dilution levy with swing pricing for Barings Global Senior Secured Bond Fund (the "**Reference Fund**") (i.e. the existing reference fund of the *PRU-Investment Choice*) with effect from 9 March 2020 (the "**Effective Date**").

The Prospectus currently provides for the application of an anti-dilution levy in certain Funds. The memorandum and articles of association of Barings will be updated to allow for swing pricing and the Prospectus will be updated to replace the provision of an anti-dilution levy with swing pricing. As swing pricing is an automated process, this change is expected to bring greater efficiency in achieving substantially the same goals as anti-dilution levy.

Similar to anti-dilution levy, swing pricing is introduced in order to protect existing investors from dilution effects owing to other investors subscription or redemption activities. Swing pricing means that Barings may adjust the NAV per Share upwards or downwards in the case of net subscription or net redemption, respectively. The calculation of such adjustment may take into account any provision for the estimated market spreads (bid/offer spread of underlying investments), duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the adjustment or disposal of investments and to preserve the value of the underlying assets of the relevant Fund. Under the swing pricing mechanism, the price adjustment, based on normal dealing and other costs for the particular assets in which a fund is invested, is not expected to exceed 2% of the original Net Asset Value. However, whilst the price adjustment is normally not expected to exceed 2%, this adjustment limit may at the discretion of Barings be increased beyond 2% in exceptional circumstances to protect Shareholders' interests. As any such price adjustment will be dependent on aggregate net transactions in Shares, it is not possible to accurately predict whether it will occur at any future point in time and consequently how frequently it will need to be made.

The key differences between anti-dilution levy and swing pricing are as follows:

	Anti-dilution levy	Swing pricing
NAV per Share	No adjustment to NAV per Share even when net subscriptions / redemptions incur significant transaction costs at fund level	NAV per Share adjusted on such dealing day(s) when net subscription(s) / redemption(s) exceed a threshold
Investor impact	Anti-dilution levy only applies to	Swing pricing affects all investors

	those investors dealing in same direction where net subscription(s) / redemption(s) exceed a threshold	subscribing, redeeming or exchanging Shares on a particular dealing day due to NAV per Share being swung up / down on such dealing days when net subscriptions / redemptions exceed a threshold
Efficiency in client dealing	Anti-dilution levy is calculated and applied separately to the investor's subscription / redemption price	No separate charge as adjustment is reflected in the swung NAV per Share

The application of swing pricing will have no impact on the processing or settlement timeline for subscription, switching and redemption in respect of the Reference Fund and will not affect the Reference Fund's strict compliance with the principle of forward pricing and fair valuation.

As a result, the *PRU*-Investment Choice will also experience the same change regarding the change of the Reference Fund on the Effective Date.

As a holder of the units of the *PRU*-Investment Choice, if you do not wish to accept the changes, you may choose to switch your existing units of the *PRU*-Investment Choice and redirect your premium allocation / dividend allocation to other investment choice(s) by submitting a request to Prudential. You can arrange your request through our website www.prudential.com.hk at myPrudential or submit to Prudential the duly signed form available from your consultant or our Customer Service Center. Currently, you can opt for an unlimited number of switching of investment choices and change of premium allocations or dividend allocations for future contributions in Prudential investment-linked insurance plans without incurring switching charges. Or else, you are not required to take any action for the changes described.

For further information on the *PRU*-Investment Choice and other investment choices available under the Policies and their corresponding reference funds, including fees and charges, investment objectives and risk factors, please refer to the offering documents of the Policies and the corresponding reference funds, which can be downloaded from our website at www.prudential.com.hk.

Should you have any inquiries, please do not hesitate to contact your consultant or our Customer Service Hotline at 2281 1193.

Thank you once again for your continued support.

Yours sincerely,

Prudential Hong Kong Limited
(A member of Prudential plc group)

(This is a computer print out and no signature is required)