

Mar 2020



Important Document

重要函件

Dear Valued Customer,

Re: Change in respect of BlackRock Euro Bond Fund (Code: BEB), BlackRock Global Government Bond Fund (Code: BRG), Schroder Global Inflation Linked Bond Fund (Code: SGI) and Templeton Global Total Return Fund (Code: TTR) (each a "PRU-Investment Choice" and collectively, the "PRU-Investment Choices") 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 Choices** are 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 of certain changes to the disclosures on the use of derivatives of BlackRock Global Funds - Euro Bond Fund, BlackRock Global Funds - Global Government Bond Fund, Schroder International Selection Fund - Global Inflation Linked Bond and Franklin Templeton Investment Funds - Templeton Global Total Return Fund (i.e. the existing reference funds of the **PRU-Investment Choices**) (each a "**Reference Fund**" and collectively, the "**Reference Funds**").

On 17 December 2018, the Securities and Futures Commission published the Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds ("**Derivative Guide**"). In connection with the requirements on the use of derivatives under revised Code on Unit Trusts and Mutual Funds ("**Revised Code**") which came into effect on 1 January 2019 (with a transitional period of 12 months provided to existing scheme and existing scheme operators), the Derivative Guide provides guidance on the calculation of net derivative exposure ("**NDE**").

Based on the guidance set out in the Revised Code and the Derivative Guide, the following changes have been made to the Reference Funds:

1. BlackRock Euro Bond Fund (Code: BEB) and BlackRock Global Government Bond Fund (Code: BRG)

Name of the Reference Fund	Net Derivative Exposure (% of the net asset value of the Reference Fund)	Changes of the Reference Fund
BlackRock Global Funds - Euro Bond Fund (the existing reference fund of BlackRock Euro Bond fund)	May be more than 100%	In respect of BlackRock Global Funds - Euro Bond Fund, it is currently disclosed in the Information for Residents of Hong Kong (the " IRHK ") and its Product Key Facts Statement (the " KFS ") that derivatives may be used extensively for investment purposes. The disclosure has been updated to reflect this fund's net derivative exposure may be more than 100% of its net asset value with effect from 20 December 2019.

<p>BlackRock Global Funds - Global Government Bond Fund</p> <p>(the existing reference fund of BlackRock Global Government Bond Fund)</p>	<p>May be more than 100%</p>	<p>In respect of BlackRock Global Funds - Global Government Bond Fund (the "Affected Fund"), it is currently disclosed in the IRHK and its KFS that derivatives will not be extensively or primarily used by this fund for investment purposes.</p> <p>Based on BlackRock (Luxembourg) S.A. (the "Management Company")'s assessment under the NDE regime, it is decided that, with effect from 20 December 2019, the Affected Fund's net derivative exposure may be more than 100% of its net asset value (the "Updated NDE Level")</p> <p>The Updated NDE Level may allow for a more extensive and flexible use of derivatives by the Affected Fund.</p> <p><u>Investors should take note of the increased risks associated with derivatives that the Affected Fund would be subject to. The risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and market risk. As a result of the Updated NDE Level, the leverage effect of derivatives of the Affected Fund may be perceived as magnified and may result in a loss significantly greater than the amount invested by the Affected Fund. In addition, the possible extensive exposure to derivatives may negatively impact the value of underlying assets on the Affected Fund and may also increase the volatility of the Affected Fund's price and may lead to significant losses.</u></p> <p>The investment objectives and the operation of the Affected Fund would remain unchanged and the above change would not materially prejudice the rights or interests of the shareholders of the Affected Fund.</p> <p>The fees and expenses associated with the above change were paid by the Management Company out of the Administration Fee charged to the Affected Fund. The above change would not result in any change in the fees and expenses borne by the Affected Fund and/or the shareholders.</p>
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2. Schroder Global Inflation Linked Bond Fund (Code: SGI)

Name of the Reference Fund	Net Derivative Exposure (% of the net asset value of the Reference Fund)	Changes of the Reference Fund
<p>Schroder International Selection Fund – Global Inflation Linked Bond</p> <p>(the existing reference fund of Schroder Global Inflation Linked Bond Fund)</p>	<p>May be more than 100%</p>	<p>In respect of Schroder International Selection Fund – Global Inflation Linked Bond, its Hong Kong offering document comprising the Prospectus, Hong Kong Covering Document and Product Key Facts Statement ("HKOD") has been revised to disclose the expected maximum net derivative exposure of the fund arising from the use of financial derivatives instruments with effect from 13 December 2019.</p> <p>For the avoidance of doubt, there is no change in the fund's usage of derivatives. All key features of the fund and its risk profile will remain the same. There is no change in its investment style, investment philosophy, investment strategy, and the operation and/or manner in which the fund is managed following this revision.</p>

3. Templeton Global Total Return Fund (Code: TTR)

Name of the Reference Fund	Net Derivative Exposure (% of the net asset value of the Reference Fund)	Changes of the Reference Fund
Franklin Templeton Investment Funds - Templeton Global Total Return Fund (the existing reference fund of Templeton Global Total Return Fund)	More than 50% but up to 100%	<p>In respect of Franklin Templeton Investment Funds – Templeton Global Total Return Fund, it is currently disclosed in its Explanatory Memorandum and KFS that Franklin Templeton Investment Funds – Templeton Global Total Return Fund may invest extensively in financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. The disclosures on the use of derivatives in both its Explanatory Memorandum and KFS have been updated to reflect the NDE of Franklin Templeton Investment Funds – Templeton Global Total Return Fund before the end of December 2019.</p> <p>There will be no material changes to its investment objectives, policies or strategies. The changes listed above are not expected to have any material adverse impact on the interests of the investors. There will be no material change or increase in the overall risk profile of Franklin Templeton Investment Funds – Templeton Global Total Return Fund.</p> <p>The changes listed above are not expected to give rise to any change in the fee level or fee structure of Franklin Templeton Investment Funds – Templeton Global Total Return Fund, or any additional costs and expenses for the investors (other than the cost of publishing the letter to inform the investors of certain changes to the disclosures on the use of derivatives of the fund, which is estimated to be approximately HKD500,000 and which will be charged and allocated to all the affected sub-funds of Franklin Templeton Investment Funds based on the pro rata share of the net asset value of all the affected sub-funds of Franklin Templeton Investment Funds). Any additional costs and expenses arising from the changes will be borne by the Franklin Templeton International Services S.à r.l..</p>

As a result, the *PRU*-Investment Choices will also experience the same change regarding the change of the Reference Funds on the same dates.

As a holder of the units of the *PRU*-Investment Choices, if you do not wish to accept the changes, you may choose to switch your existing units of the *PRU*-Investment Choices 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 Choices 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)