PRUDENTIAL
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PRODUCT KEY FACTS

PRUlink portfolio investment plan

September 2018

Prudential Hong Kong Limited

This statement provides you with key information about this product.

This statement is a part of the Offering Document#.

You should not invest in this product based on this statement alone.

For the definition of specific terms marked with "#", please refer to the "Glossary" section on the last page of this document.

QUICK FACTS

Name of insurance company:	Prudential Hong Kong Limited ("Prudential")
Policy currency:	US Dollar
Single or regular premium:	Regular premium
Regular premium frequency:	Yearly, Half-yearly, Quarterly or Monthly
Minimum premium payment term:	10, 15, 20 or 25 years, that is the Target Contribution Period# you selected
Minimum investment:	Yearly: USD 1,500; Half-yearly: USD 750; Quarterly: USD 375; Monthly: USD 125
Maximum investment:	Subject to Prudential's approval
Period with Surrender Charge ("Redemption Charge"):	Up to the end of the 11th policy year depending on the Target Contribution Period# you selected
Governing Law of policy:	Laws of the Hong Kong Special Administrative Region

Death benefit:	The higher of: (1) 105% of the total value of the Policy Accounts#*; or (2) 105% of the amount equivalent to the total Basic Premiums# paid minus the sum of all partial withdrawals made from the Accumulation Account# after the Initial Contribution Period# * The total value of the Policy Accounts# will be calculated as at the date we receive the death claim of the Life Assured#. Any applicable charges which have already been incurred but are outstanding at the time of policy termination upon death of the Life Assured# will be first deducted from the relevant Policy Accounts# before we determine the total value of the Policy Accounts# as set out in the above item (1).

IMPORTANT

- This investment-linked assurance scheme ("ILAS policy") is a long-term investment-cum-life insurance product. It is only suitable for investors who:
  - understand the principal will be at risk.
  - have both investment and estate planning objectives as it is a packaged product that includes both investment and insurance element with death benefits payable to third party beneficiaries.

- This ILAS policy is **not** suitable for investors with short- or medium-term liquidity needs.

- **Fees and Charges**
  12.7% of your Basic Premiums#, after taking into account all applicable non-discretionary bonuses, will be paid to Prudential to cover all the fees and charges at the ILAS policy level, of which 0.3% is the cost of insurance protection, and this will reduce the amount available for investment.

  Please note that the above figures are calculated based on the following assumptions: (a) the Life Assured# is a non-smoking 40 year-old (age next birthday) male; (b) the payment of regular Basic Premium# of USD 12,500 per annum (equivalent to HKD 100,000 at an exchange rate of USD 1 to HKD 8) under the Target Contribution Period# of 20 years; (c) you hold your ILAS policy for 20 years; (d) an assumed rate of return of 3% per annum throughout 20 years; (e) any optional supplementary benefits are not included; and (f) there is no early withdrawal/termination of your ILAS policy.

  You must understand that these ILAS level charges are on top of, and in addition to, the reference funds level charges. The above figures do not take into account any early surrender/withdrawal charges.

  The above percentage of your Basic Premiums# for covering the total fees and charges is calculated based on the assumptions above for illustration purposes. The actual percentage may change depending on individual circumstances of each case and will be significantly higher if the Target Contribution Period# is different.

- **Long-term Features**
  Early surrender charges:
  a) There will be a Redemption Charge of up to 50% of the value of the Initial Account# in case of policy termination due to (i) full surrender of your policy for the period up to the end of the 11th policy year depending on the Target Contribution Period# you selected or (ii) non-payment of premium during the Initial Contribution Period#. You may also lose your entitlement to the First Year Bonus, Investment Bonus and/or Loyalty Bonus.

  Investment Bonus:
  b) You will be entitled to an Investment Bonus of up to 0.14% per month of the value of the Accumulation Account# on a monthly basis after the 10th policy anniversary so long as your ILAS policy is still in force by the time of payment.

  Loyalty Bonus:
  c) You will be entitled to a Loyalty Bonus of up to 10% of the Average Monthly Accumulation Account Value# during the Policy Accumulation Period# if you keep your ILAS policy until the end of Target Contribution Period# and subject to the fulfillment of the requirements as set out in the "Loyalty Bonus" sub-section under the "3-tier bonuses" section of the Product Brochure.

- **Intermediaries' remuneration**
  Although you may pay nothing directly to the intermediary who sells/distributes this ILAS policy to you, your intermediary will receive remuneration which, in effect, will be borne out of the charges you pay. Your intermediary should disclose to you in writing at the point-of-sale information about intermediary remuneration. The amount of remuneration actually receivable by your intermediary may vary from year to year and may be higher in the early policy years. You should ask your intermediary before taking up your ILAS policy to know more about the remuneration that your intermediary will receive in respect of your ILAS policy. If you ask, your intermediary should disclose the requested information to you.

WHAT IS THIS PRODUCT AND HOW DOES IT WORK?

- **PRU**link portfolio investment plan (the "Plan" or your "Plan") is an investment-linked assurance scheme. It is a life insurance policy issued by Prudential. It is not a fund authorised by the Securities and Futures Commission ("SFC") pursuant to the Code on Unit Trusts and Mutual Funds ("UT Code").
- Your Plan's policy value will be calculated by Prudential based on the performance of the reference funds of your selected investment choices from time to time and the ongoing fees and charges which will continue to be deducted from the policy value of your Plan.
- Note, however, that all premiums you pay towards your Plan, and any investments made by Prudential in the reference funds of the investment choices you selected, will become and remain the assets of Prudential. You do not have any rights or ownership over any of these assets. Your recourse under the Plan is against Prudential only.
- Due to the various fees and charges levied by Prudential on your Plan, the return on your Plan as a whole may be lower than the return of the reference funds of the investment choices you selected. Please refer to page 5 to 6 of this statement for details of the fees and charges payable by you.
- Reference funds (linked to the investment choices) available for selection are the funds listed in the Summary Information for Investment Choices. These funds are authorised by the SFC pursuant to the UT Code.
- Although your Plan is a life insurance policy, because your death benefit is linked to the performance of the reference funds of the investment choices you selected from time to time, your death benefit is subject to investment risks and market fluctuations. The death benefit payable may not be sufficient for your individual needs.
- More importantly, you should be aware of the following regarding your death benefit and the cost of insurance/insurance charges ("Assurance Charge"):
  - Part of the fees and charges you pay that will be deducted from the value of your Plan will be used to cover the Assurance Charge for the life coverage and any additional coverage you may choose.
  - The Assurance Charge will reduce the amount that may be applied towards investment in the investment choices you selected.
  - The Assurance Charge may increase significantly during the term of your Plan due to factors such as age and investment losses, etc. This may result in significant or even total loss of your premiums paid.
  - If the value of your Plan becomes insufficient to cover all the ongoing fees and charges, including the Assurance Charge, your Plan may be terminated early and you could lose all your premiums paid and benefits.
  - You should consult your intermediary for details, such as how the charges may increase and could impact the value of your Plan.
- Please refer to the section "Other features" for further details of this Plan.

WHAT ARE THE KEY RISKS?

Investment involves risks. Please refer to the Principal Brochure[#] for details including the risk factors.

- **Credit and insolvency risks** – This product is an insurance policy issued by Prudential. Your investments are subject to the credit risks of Prudential.
- The investment choices available under the Plan can have very different features and risk profiles. Some may even be of high risk. Please read the Principal Brochure[#] and the offering documents of the reference funds involved for details.
- **Early surrender penalty** – This Plan is designed to be held for a long term period. Early surrender or withdrawal of the policy/suspension of or reduction in premium may result in a significant loss of principal and bonuses awarded. Poor performance of reference funds of the investment choices you selected may further magnify your investment losses, while all charges are still deductible.
- **Premium holiday** – With no premium contribution during premium holiday, the value of this Plan may be significantly reduced due to fees and charges, which are still deductible during premium holiday, and your entitlement to bonuses may also be affected.
- **Market risks** – Return of this Plan is contingent upon the performance of the reference funds of the investment choices you selected and therefore there is a risk of capital loss.
- **Foreign exchange risks** – The investment returns of your Plan may be subject to foreign exchange risks as some of the reference funds of investment choices you selected may be denominated in a currency which is different from that of your Plan.
- **Early termination risks** – In the event that the value of your policy becomes insufficient to cover the policy fees and charges as stated in page 5 to 6 of this statement (due to any reason including but not limited to the application of premium reduction, premium holiday or partial withdrawals), your policy will be terminated early and you could lose all your premiums paid, bonuses and insurance coverage.

IS THERE ANY GUARANTEE?

- This product does not have any guarantee of the repayment of principal. You may not get back the full amount of premium you pay and may suffer investment losses.

OTHER FEATURES

- The Plan is managed through 2 separate notional accounts – the Initial Account# and the Accumulation Account#: The Initial Account# is primarily to establish the policy, while the Accumulation Account# is for investment purposes. Throughout the entire policy term, policy charges will be deducted from the Initial Account# and the Accumulation Account#. Please refer to the section "What are the fees and charges" in this statement and the "Summary of charges" section of the Product Brochure for details of the policy charges.
- The Plan offers 3-tiers bonuses which will be paid to you at specific times in the form of an extra allocation of notional units of investment choices you selected to your Initial Account# and/or Accumulation Account#:

  a) **First Year Bonus** – The bonus is credited to the Initial Account# and is determined by reference to the amount of the monthly Basic Premiums# and the length of the Target Contribution Period#. Please note that in the event of policy termination (other than as a result of non-suicidal death of the Life Assured# or the payment of Terminal Illness# Benefit) within the 1st policy year or if the Life Assured# commits suicide within 1 year from the effective date of any reinstatement, the original amount of First Year Bonus credited will be clawed back. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units. Please refer to the "First Year Bonus" sub-section under the "3-tier bonuses" section of the Product Brochure for details.

  b) **Investment Bonus** – The bonus is credited to the Accumulation Account# on a monthly basis after the 10th policy anniversary until the policy terminates, and calculated by reference to the value of the Accumulation Account# so long as the policy is still in force at the time of payment. Please refer to the "Investment Bonus" sub-section under the "3-tier bonuses" section of the Product Brochure for details.

  c) **Loyalty Bonus** – The bonus is credited to the Accumulation Account#. This is a one-off bonus payable following the end of the Target Contribution Period# subject to the fulfillment of certain requirements as set out in the "Loyalty Bonus" sub-section under the "3-tier bonuses" section of the Product Brochure and the policy is still in force at the time of payment. The bonus is calculated by reference to the Average Monthly Accumulation Account Value# during the Policy Accumulation Period# and the length of the Target Contribution Period#. Please refer to the "Loyalty Bonus" sub-section under the "3-tier bonuses" section of the Product Brochure for details.

  The above mentioned bonuses will then form part of the value of the Policy Accounts# and will also be subject to relevant fees and charges applicable to the relevant Policy Accounts#. Please refer to "3-tier bonuses" section of the Product Brochure for details.

- Partial withdrawal can be made only from the Accumulation Account# after the Initial Contribution Period# without any charges, except for the bid-offer spread which may be levied by the reference fund of the investment choice. Partial withdrawal is also subject to certain requirements, including the minimum amount of each withdrawal and minimum remaining balance after the withdrawal. Currently, the minimum withdrawal amount is USD 100 per partial withdrawal and the minimum balance of USD 1,800 must remain in the Accumulation Account# immediately after the partial withdrawal.
- **Terminal Illness# Benefit**, which is an amount equivalent to the death benefit of the Plan (excluding that of any supplementary benefits), is payable in the event the Life Assured# is diagnosed as having Terminal Illness#. For the purpose of calculating this benefit amount payable, the total value of the Policy Account# will be calculated as at the date we approve the claim for the Terminal Illness# Benefit. Following the payment of the Terminal Illness# Benefit, the policy will thereafter terminate. Please refer to the "Terminal Illness# Benefit" sub-section under "Life coverage for your loved ones" section of the Product Brochure for the terms and conditions.
- You may attach to your Plan a wide range of optional supplementary benefits, subject to underwriting requirements and additional premiums to pay for the assurance charges of the optional supplementary benefits.
- Please refer to the Product Brochure for details of the Plan.

WHAT ARE THE FEES AND CHARGES?

Prudential reserves the right to vary the policy charges or to impose new charges with no less than 1 month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Scheme level

	Rate	Deduct from
Policy Establishment Fee	0.35% per month (i.e. 4.2% per annum) of the value of the Initial Account# in our record on the Charge Deduction Day#.	The value of the Initial Account# on the Charge Deduction Day# by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Initial Account# on the Charge Deduction Day# during the Target Contribution Period# on a monthly basis.
Administration Charge	0.125% per month (i.e. 1.5% per annum) of the value of the Initial Account# and Accumulation Account# respectively in our record on the Charge Deduction Day#.	The value of both the Initial Account# and Accumulation Account# on the Charge Deduction Day# by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to each account on the Charge Deduction Day# on a monthly basis. Charges in respect of the Initial Account# will be deducted on a monthly basis while the policy is in force. The charges in respect of the Accumulation Account# will be deducted on a monthly basis after the Initial Contribution Period# while the policy is in force.
Assurance Charge	The amount of the Assurance Charge is determined by reference to, where applicable, the sex, issue age, age next birthday at the beginning of the policy year, smoking habit, class of risk of the Life Assured#, the policy's total account value, the death benefit payable and the benefit(s) payable under any optional supplementary benefit(s). The monthly Assurance Charge for the **PRU**link portfolio investment plan = Annual Assurance Charge rate per USD 1,000 net amount at risk ÷ 12 x Net amount at risk ÷ 1,000 Where, • Net amount at risk = Death benefit of the **PRU**link portfolio investment plan – the total value of Policy Account# in our record on the Charge Deduction Day#. • The Assurance Charge rate for **PRU**link portfolio investment plan is determined by reference to the sex and age next birthday at the beginning of the policy year of the Life Assured#. Please refer to the "Summary of charges" section of the Product Brochure for the indicative Assurance Charge rates for the **PRU**link portfolio investment plan. You can also refer to the illustration document for the details of your personalised Assurance Charge. During the Initial Contribution Period#, the Assurance Charge on **PRU**link portfolio investment plan is waived; thereafter, it will be deducted monthly on the Charge Deduction Day# from the value of the Accumulation Account# by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Accumulation Account# on the Charge Deduction Day#. Assurance Charge for any optional supplementary benefit(s) will be charged from the optional supplementary benefit(s) premium as soon as the optional supplementary benefit(s) takes effect. In the event of a premium holiday, the Assurance Charge for any supplementary benefit(s) will be deducted monthly on the Charge Deduction Day# from the value of the Accumulation Account# by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Accumulation Account# on the Charge Deduction Day#. If the value of the Accumulation Account# is not sufficient for the Assurance Charge deduction, the Assurance Charge will be deducted from the value of the Initial Account# by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Initial Account# on the Charge Deduction Day#. Please note that if the value of the Policy Accounts# becomes insufficient to cover the applicable Assurance Charge, your plan will be terminated early and you could lose all your premiums paid and benefits. Please refer to the illustration document, Product Brochure and contact your consultant for details of Assurance Charge.	

WHAT ARE THE FEES AND CHARGES? (CONT.)

Scheme level

	Rate	Deduct from
Redemption Charge	Redemption Charge is a specified percentage of the value of the Initial Account# ranging from 5% to 50% applicable upon policy termination due to (i) full surrender of your policy for the period up to the end of the 11th policy year based on the Target Contribution Period# or (ii) non-payment of premium during the Initial Contribution Period#. Redemption Charge = Value of Initial Account# x applicable rate for Redemption Charge to your policy For details of the specified rates and the formula for calculating the Redemption Charge, please refer to the "Summary of charges" section of the Product Brochure. In the event that your policy is terminated within the 1st policy year (other than non-suicidal death of the Life Assured# or the payment of Terminal Illness# Benefit) or the Life Assured# commits suicide within 1 year from the effective date of any reinstatement, the original amount of First Year Bonus previously credited to your policy will be first clawed back from the value of the Initial Account# before we determine the applicable Redemption Charge. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units.	The value of the Initial Account#.
Switching Charge	Currently nil	

Please refer to the "Summary of charges" section on page 14 to 17 of the Product Brochure of **PRU**link portfolio investment plan for details of the charges.

Reference fund level

You should note that the reference funds of the investment choices you selected may have separate charges on management fee, performance fee, bid-offer spread, switching fee and/or other recurring fees.

Currently, the management fee levied by the investment managers of the reference funds ranges from 0.25% to 2.05% per annum of the net asset value of the reference fund. You do not pay these fees directly: the fees will be deducted and such reduction will be reflected in the unit price of the reference fund.

For details, please refer to the Product Brochure of **PRU**link portfolio investment plan, the Summary Information for Investment Choices and the offering documents of the reference funds which are available from Prudential upon request.

WHAT IF YOU CHANGE YOUR MIND?

- **Cooling-off period**
  - Cooling-off period is a period during which life insurance policyholders may cancel their policies and get back their original premiums paid (subject to market value adjustment) and levy(ies) paid within the earlier of 21 days after the delivery of the policy or issue of a notice to you or to your representative. Such notice should inform you of the availability of the policy and expiry date of the cooling-off period. Please refer to the cooling-off initiative issued by the Hong Kong Federation of Insurers ("HKFI") from time to time for reference.
  - You have to tell Prudential by giving written notice. Such notice must be signed by you and received directly by Prudential at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
  - You may get back the amount you paid, or less if the value of the investment choices chosen has gone down.

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IMPORTANT

Prudential Hong Kong Limited is subject to the prudential regulation of the Insurance Authority. However, the Insurance Authority does not give approval to individual insurance products, including **PRU**link portfolio investment plan as referred to in this statement.

If you are in doubt, you should seek professional advice.

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GLOSSARY

- **Accumulation Account** – a notional account under the policy that holds all the notional units of the investment choices allocated as regards of all Basic Premiums[#] paid in respect of the Policy Accumulation Period[#]. It is set up for determining the amount of your benefits under the policy.
- **Average Monthly Accumulation Account Value** – is equal to the sum of the values of the Accumulation Account[#] as at the Charge Deduction Day[#] of each month during the Policy Accumulation Period[#] divided by the number of months of the Policy Accumulation Period[#]. The value of the Accumulation Account[#] is calculated by multiplying the number of notional units of the investment choices in the Accumulation Account[#] by the unit redemption price of those relevant investment choices as at the Charge Deduction Day[#].
- **Basic Premiums** – the premiums under **PRU**link portfolio investment plan excluding any premiums for the optional supplementary benefits.
- **Charge Deduction Day** – means 3rd day of each calendar month or, if (i) that day falls on a public holiday or Sunday; (ii) there is any inevitable interruption of normal business on that day; or (iii) there is any circumstances, situations or events beyond our reasonable control that make it impracticable to carry out a charge deduction on that day, then it will fall on the next practicable business day.
- **Commencing Date** – means the date, as stated in the document "Certificate of Life Assurance" that will be provided to you after the issuance of the policy, from which policy anniversary, policy year, policy month and premium due date are determined. It is also the start date of the Initial Contribution Period[#].
- **Initial Account** – a notional account under the policy that holds all the notional units of the investment choices allocated as regards of all Basic Premiums[#] paid in respect of the Initial Contribution Period[#]. It is set up for determining the amount of your benefits under the policy.
- **Initial Contribution Period** – the first 30 consecutive months as from the Commencing Date[#] for which your Basic Premiums[#] have been paid in full, and shall not, in any event, be shorter than the duration of 30 consecutive months running from the Commencing Date[#].
- **Life Assured** – the person who shall be named as the "Life Assured" in the document "Certificate of Life Assurance", which will be provided to you after the issuance of the Plan.
- **Offering Document** – the Product Key Facts Statement, the Product Brochure and the Summary Information for Investment Choices.
- **Policy Accounts** – means the Initial Account[#] and the Accumulation Account[#].
- **Policy Accumulation Period** – the period immediately following the end of the Initial Contribution Period[#] and lasting until the end of the Target Contribution Period[#].
- **Principal Brochure** – the Product Brochure and the Summary Information for Investment Choices.
- **Target Contribution Period** – the period you have selected for premium contribution (including 10-year, 15-year, 20-year and 25-year).
- **Terminal Illness** – means in the opinion of the medical Specialist involved; and subject to the acceptance of our appointed Registered Doctor, the advent of death is highly likely within 12 months.

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