

5 Year Fixed Rate Bond

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

The name of this product is the “**5 Year Fixed Rate Bond**” provided by Shepherds Friendly Society. Our website address, where you can find detailed information about us, is www.shepherdsfriendly.co.uk and our telephone number is 0800 526 249. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was produced on 19th July 2021.

What is this product?

This 5 Year Fixed Rate Bond is a life insurance policy that enables you to invest your money and provides you with capital protection and a guaranteed return after five years.

The Shepherds Friendly 5 Year Fixed Rate Bond aims to:

- Allow you to invest a lump sum for five years
- Provide capital protection for your investment throughout the term
- Provide a guaranteed level of growth if you leave your policy invested for five years
- Provide a guaranteed payment if you die during the term of the product.

Your premiums are invested in a pooled with profits fund which is invested in a mix of equities, Government gilts, corporate bonds, property and cash. This spread of assets allows us to pay policy benefits such as a return of your lump sum and guaranteed growth at the end of the term of your product.

The product is intended for retail investors who are able to invest £1,000 or more for a minimum term of five years without having to withdraw the investment before the end of the term.

The investment is designed to be held for at least five years. The effect of inflation will reduce what your investment will buy in the future.

The Bond guarantees that you will get back 100% of what you invest.

What are the risks and what could I get in return?

Summary Risk Indicator (SRI)



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 3 out of 7, which is a 'medium-low' risk class. The risk category is not guaranteed and may change over time. The risk indicator is based on the guaranteed return.

Performance scenarios

| Investment £10,000 | | 1 year | 3 years | 5 years recommended holding period |
|------------------------------|-------------------------------------|------------|------------|------------------------------------|
| Survival Scenarios | | | | |
| Stress scenario | What you might get back after costs | £10,000.00 | £10,000.00 | £10,772.84 |
| | Average return each year | 0.0% | 0.0% | 1.5% |
| Unfavourable scenario | What you might get back after costs | £10,000.00 | £10,000.00 | £10,772.84 |
| | Average return each year | 0.0% | 0.0% | 1.5% |
| Moderate scenario | What you might get back after costs | £10,000.00 | £10,000.00 | £10,772.84 |
| | Average return each year | 0.0% | 0.0% | 1.5% |
| Favourable scenario | What you might get back after costs | £10,000.00 | £10,000.00 | £10,772.84 |
| | Average return each year | 0.0% | 0.0% | 1.5% |
| Death scenario | | | | |
| Insured event | What you might get back after costs | £10,100.00 | £10,300.00 | £10,500.00 |

This table shows the money you could get back over the next five years, under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances.

What happens if Shepherds Friendly Society is unable to pay out?

We are covered by the Financial services compensation scheme (FSCS) Who you can write to at PO BOX 300 Mitcheldean. GL17 1DY. Telephone 0800 678 1100. Further information is available on their website - www.FSCS.org.uk

This product is categorised as a long-term Insurance product and under the above compensation scheme that means you are covered for 100% of loss on this product through the FSCS should Shepherds Friendly Society default. The investments underlying this product are managed on behalf of Shepherds Friendly Society by a professional investment management firm, Royal London Asset Management Limited (part of the Royal London Mutual Insurance Society Limited). These counterparties are not covered by a compensation scheme but were they to default, and this in turn caused Shepherds Friendly Society to default, then you would still be covered by the FSCS because your contract is with Shepherds Friendly Society.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor.

Table 1: Cost over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

| Investment £10,000 Scenarios | If you cash in after 1 year | If you cash in after 3 years | If you cash in at the recommended period of 5 years |
|---------------------------------|-----------------------------|------------------------------|-----------------------------------------------------|
| Total costs | £0.00 | £0.00 | £0.00 |
| Impact on return (RIY) per year | 0.0% | 0.0% | 0.0% |

Table 2: Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- The meaning of the different cost categories.

| This table shows the impact on return per year | | | |
|------------------------------------------------|-----------------------------|------|------------------------------------------------------------------------------------------|
| One-off costs | Entry costs | 0.0% | The impact of costs you pay when entering your investment. |
| | Exit costs | 0.0% | The impact of costs of exiting your investment when it matures. |
| Ongoing costs | Portfolio transaction costs | 0.0% | The impact of the costs of us buying and selling underlying investment from the product. |
| | Other ongoing costs | 0.0% | The impact of the costs that we take each year for managing your investments. |
| Incidental costs | Performance/other costs | 0.0% | This product does not have any performance or other incidental fees. |

How long should I hold the Bond and can I take money out early?

The Bond has a five-year term. You cannot withdraw the money in your Bond during the term, except where we consider that there are exceptional circumstances. Partial withdrawals are not available.

How can I complain?

If you wish to make a complaint about us, or another person who sold or advised you on this product, then please contact us either in writing, by telephone or by email: Compliance Officer, Shepherds Friendly Society, Haw Bank House, High Street, Cheadle, Cheshire, SK8 1AL. Tel: 0800 526 249 Email: complaints@shepherdsfriendly.co.uk

If your complaint is not dealt with to your satisfaction you can then complain to the Financial Ombudsman Service, Exchange Tower, London E14 9 SR Tel: 0800 023 4567. Email: complaint.info@financial-ombudsman.org.uk Web: www.financial-ombudsman.org.uk

Making a complaint will not prejudice your right to take legal proceedings.

Other relevant information

The tax treatment of your plan may change in the future. This could reduce the amount you receive when the plan matures or the amount of personal tax you pay

The European Union Solvency II directive requires us to make available to the public a Solvency and Financial Condition Report each year. This can be found on our website.

Further information on 5 Year Fixed Rate Bond can be found in the Terms and Conditions available on our website.



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