

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 20th December 2022.

What is this product?

Type: Our 5 Year Fixed Rate Bond enables you to invest your money and provides you with a guaranteed return of your initial investment and a return after five years.

Objective: Our 5 Year Fixed Rate Bond aims to:

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

Intended Retail Investor: This plan is suitable for those 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 plan.

Insurance Benefits and Costs: Our 5 Year Fixed Rate Bond is a life assurance plan, which means that, in the event of your death prior to the maturity date, and if you are the sole plan holder, then your estate would receive a lump sum, as detailed in the plan Terms and Conditions.

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

Summary Risk Indicator (SRI)



The SRI 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 the movements in the markets or because we are not able to pay you.

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

Performance Information

All 5 Year Fixed Rate Bond plan holders pay a single lump sum investment between £1,000 and £125,000, which we invest into our Fund. Our Fund is a mix of equities, government gilts, corporate bonds, property, and cash. This mix of investments enables a responsible investment strategy. The Fund holds investments in the Royal London Short Duration Credit Fund (SDCF), which aims to achieve both an increase in value and income by mostly investing in sterling bonds.

The Fund also invests in sales of our other plans, such as Income Protection and Over 50s Life Insurance plans. Any profit and losses from sales of these plans are added or deducted from the value of the Fund.

As a 5 Year Fixed Rate Bond holder, the value of your plan is not affected by the value of these investments in the Fund over your plan's lifetime.

Inflation may affect the value of your investment in the future.

What could affect my return positively or negatively?

The value we will pay out on maturity of the plan or on the event of your death is guaranteed when you take out the plan.

Payouts in severely adverse market conditions

As a 5 Year Fixed Rate Bond holder, the value of your plan and your payouts are not affected by market conditions.

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 medium to long-term insurance product and you are covered for 100% of loss on this product through the FSCS, should our Society be unable to pay out. The investments underlying this product are managed on our behalf 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 unable to pay out, and this in turn caused us to be unable to pay out, 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 it 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.

Please note: If there is any contradiction between the commentary in this document and that contained in the policy conditions and our Principles and Practices of Financial Management (PPFM), then the policy conditions and PPFM always apply. You can read and download the full document on our website www.shepherdsfriendly.co.uk/about/ppfm

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: The Compliance Officer, Shepherds Friendly Society, Haw Bank House, High St, Cheadle, Cheshire, SK8 1AL. Phone 0800 526 249. Email - complaints@shepherdsfriendly.co.uk A full explanation of our approach to complaints handling can be found on our website at www.shepherdsfriendly.co.uk/help-and-support

Other relevant information

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

Our regulators require us to make available to the public a Solvency and Financial Condition Report and the Annual Reports and Accounts each year. This can be found at www.shepherdsfriendly.co.uk/about/reports-and-accounts

Further information on 5 Year Fixed Rate Bond is available at: www.shepherdsfriendly.co.uk/5-year-fixed-rate-bond/