

LV=Smoothed Managed Funds Bond Series 1

Supplementary Information Document (SID)

This document provides you with additional important information to help you to decide whether our LV=Smoothed Bond (LV=Smoothed Managed Funds Bond Series 1) is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

With this Supplementary Information Document you should have also been provided with the Key Information Document (KID) and a booklet called 'Your guide to how we manage our unithised with-profits Smoothed Managed Funds business'. In this you'll find useful information to help you understand how we manage your investment in Smoothed Managed Funds. We strongly recommend you take a few minutes to read it.

This investment option is referred to as LV= Smoothed Bond throughout this document.

Its Aims

Our bond aims:

- To give you a better return than cash over the longer term by investing in stocks & shares, commercial property and other investments.
- To help you match your investment to the amount of risk you want to take.
- To give you the option to limit the risk, by adding a guarantee. We explain the guarantee option in more detail in 'What is the guarantee?' on page 3.

Your Investment

- You invest a lump sum, which you intend to leave invested for at least five years and ideally longer.
- You can stay invested for as long as you wish, there's no fixed date at which your bond ends. In general, the longer you stay invested, the better the chance of your bond performing well. Naturally, this means your bond may not perform as well if you take your money out in the early years.

Risks

Clearly, if we're going to try to give you a better return than cash, there are some risks involved that you wouldn't experience if you left your money in a bank or building society account:

- Our bond invests in stocks & shares and other investments which can rise and fall in value. This means you're not certain to make a profit and you could get back less than you invested.
- If more money is taken out of your bond than the amount of growth on your bond, this will eat into your original investment.
- The cost of goods and services goes up over time, which could reduce the real value of the lump sum you get back when you cash in your bond, even if you've added a guarantee.
- Your personal tax position, or the way our bond is taxed could change. This may reduce the amount you get back or increase the amount of tax you pay.
- If you qualify for age allowance or government tax credits you could lose some or all of these benefits if you make a profit when you cash in your bond or more than your 5% allowance is taken out. We explain your 5% allowance in more detail in 'What about tax?' on page 6.

Questions & Answers

We've set out the answers to some very important questions about our bond below. These will help you decide whether to invest in it. To invest in this bond you must speak to your financial adviser.

Is this bond right for me?

Our bond is designed for UK residents aged 17 or over, who wish to invest for at least five years and ideally longer.

It's important that you understand and accept the risks associated with stock market investments, as these risks come hand in hand with the potential reward of your investment doing better than cash would over the longer term.

Our bond offers a range of fund options, with different levels of investment risk. So whether you're investing in stocks and shares for the first time and want to take a cautious approach, or you're an experienced investor looking for higher risks and potential rewards, one of our fund options could be right for you. We've explained each of our fund options in 'Where's my money invested?' on page 2.

You might not want to invest in our bond if you expect to be a higher rate taxpayer or near the higher rate tax band when you cash in your bond. Please refer to 'What about tax?' on page 6 for more details.

You shouldn't invest in our bond if you can't invest for at least five years or don't feel you understand the risks associated with stocks and shares. Remember that the level of risk you take depends on the fund option you choose.

How much can I invest?

The minimum and maximum investment into a new bond is:

- Minimum £5,000
- Maximum £1,000,000 (less any amount already invested with LV= in a LV=Smoothed Managed Funds Bond Series 1, Flexible Guarantee Bond Series 3, Flexible Guarantee Bond Series 2, Flexible Guarantee Bond, All-in-1 Investment Bond, Flexi Guarantee Plan, or Guaranteed Capital Bond).

Your bond will be set up as a single premium investment, so if you want to invest more money in the future, we'll set up a completely new bond for your additional investment.

Your investment must be made by electronic transfer, or cheque, from a UK bank or building society.

Where's my money invested?

Your money is invested in our with-profits fund. You can choose one of a range of fund options. Each of these invests in a mix of assets including stocks and shares, commercial property, fixed interest investments (both government and corporate bonds) and some cash.

It's then the job of the asset management team to achieve the best possible returns for you.

To help you understand the difference between the range of fund options and to decide which is right for you, we've explained them in more detail below. Please remember that, no matter which fund option you choose, your investment can go down as well as up.

The higher the amount invested in stocks and shares, the more frequently this will happen and the more significant the changes in value will be. These are stock market investments, which means that you aren't certain to make a profit.

Extra Cautious – This fund is designed to provide long term steady growth together with a very low level of investment risk. The Fund invests, either directly or indirectly, in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash. The fund aims to avoid sharp rises and falls by “averaging” the investment price to achieve a smoother investment return over a rolling 26 week period.

Cautious – This fund is designed to provide long term steady growth together with a low level of investment risk. The Fund invests, either directly or indirectly, in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash. The fund aims to avoid sharp rises and falls by “averaging” the investment price to achieve a smoother investment return over a rolling 26 week period.

Balanced – This fund is designed to provide long term moderate growth together with a low to medium level of investment risk. The Fund invests, either directly or indirectly, in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash. The fund aims to avoid sharp rises and falls by “averaging” the investment price to achieve a smoother investment return over a rolling 26 week period.

Growth – This fund is designed to provide long term growth together with a medium level of investment risk. The Fund invests, either directly or indirectly, in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash. The fund aims to avoid sharp rises and falls by “averaging” the investment price to achieve a smoother investment return over a rolling 26 week period.

Growth Plus – This fund is designed to provide long term steady and sustainable growth together with a medium level of investment risk. Within this objective we aim to invest in more sustainable assets in this fund. The Fund invests, either directly or indirectly, in a mix of assets including stocks and shares, fixed interest investments (both government and corporate bonds), commercial property, and some cash. The fund aims to avoid sharp rises and falls by “averaging” the investment price to achieve a smoother investment return over a rolling 26 week period.

How much of my money will be invested?

100% of the money you pay to us will be invested into your bond, after any initial adviser charge that you ask us to pay to your financial adviser on your behalf.

We'll invest any **Mutual Bonus** in the new **Fund Option**.

What is averaged pricing?

If you've been invested in your fund option for 26 weeks or more, we aim to reduce the effect of short term ups and downs on your investment by averaging the value of the assets over the previous 26 weeks. Sometimes we won't use this averaging, which can lead to a sudden drop in the value of your investment (this is explained in Condition A4 of the Bond Conditions, along with an example).

One effect of averaging means that if the markets are rising when you cash in all or part of your investment, you may get back less than if you were invested directly in the assets. But if markets are falling, you may get back more.

Can I change my fund option?

Yes, you can change your fund option at any time. We'll make the change 10 working days after we receive your instruction. We'll usually do this for free, but if you change your fund option regularly, we'll apply a charge for this. We explain this in more detail in '**What are your charges?**' on page 4. You can only invest in one fund option at a time. So if you do change your fund option, you have to move the total amount in your bond.

When you change your fund option, any guarantee you have will be cancelled. So you might want to add a new guarantee when you do this. If you do this, you should note that the cost of the guarantee and the choice of guarantee terms is different for each fund option. You can find out the current range of guarantee choices by calling us on **0800 681 6292**.

We've explained the charges for changing fund options and adding a new guarantee in '**What are your charges?**' on page 4.

What is the guarantee?

The guarantee is exactly that – a guarantee that your bond will be worth at least a minimum amount at the end of the guarantee term, if one is available on the fund option you have chosen. And the guarantee terms can be different for each fund option.

Of course, we can't offer this guarantee for free – you have to buy one. We explain this in more detail in '**What are your charges?**' on page 4.

How does the guarantee work?

By choosing the guarantee option, we guarantee that the value of your bond at the end of the guarantee term, will be at least the same as the value of your bond on the date you added it. So, if the value has increased, you'll get this higher value, but if the value would have decreased, you are protected. Of course, any money you've taken out of your bond in this guarantee term (including any money that's been paid out to your financial adviser as ongoing and ad-hoc adviser charges) will be taken into account and deducted from the guaranteed amount.

For example

Adrian invested £24,000 on 1 March 2022. At the same time, he decided to add a guarantee and chose a guarantee term of ten years. This means that if no money is taken out, either by Adrian or to pay ongoing or ad-hoc adviser charges, the value of his bond on 1 March 2032 is guaranteed to be at least £24,000.

If Adrian cashes in his bond at this time, he'll get at least £24,000 back plus any increase in his investment.

If Adrian hadn't added a guarantee, and the value of his bond on 1 March 2032 is less than £24,000, he'll make a loss if he cashes in then.

At the end of the guarantee term, if the value of your bond is less than the guaranteed amount we'll add units to your bond, to increase the value to the guaranteed amount (less any withdrawals taken – including any ongoing and ad-hoc adviser charges – since the guarantee was added). So you don't need to cash in your bond to benefit from this guarantee, unlike some other bonds.

You can only add a guarantee to your bond when you first invest, it can not be added later on. You can cancel a guarantee at any time.

You can choose a replacement guarantee by the end of the previous guarantee term, depending on whether one is available on the fund option you have chosen. You may want to do this to 'lock in' any growth or if you choose not to add a new guarantee then you won't be able to add a new one at a later date.

You can find out the current range of guarantee choices by calling us on **0800 681 6292**.

Before any guarantee term ends, we'll write to you to confirm the date it will end and let you know what replacement guarantees are available at that time should you wish to add a new one. To find out more about how our guarantee works and how to replace a guarantee, please refer to Conditions A5 and A6 of the Bond Conditions.

Can I take money out?

Yes, you can. Our bond is designed for people who can leave their money invested for at least five years. If you do need to take money out you can do so at any time and there is no charge for doing this. You can find out more information about taking money out of your bond in Condition A11 of the Bond Conditions.

Regular withdrawals – You can take regular withdrawals from your bond every month, three monthly, six monthly or yearly. You can start taking regular withdrawals at any time.

One off withdrawals – You can also take one off lump sums from your bond whenever you like. We'll usually pay the money to you as quickly as we can. In some circumstances, we may wait up to 10 working days before we take the money from your Bond.

We'll only apply a waiting period if we feel it is in the best interests of all of our with-profit policyholders and if required to protect our with-profits funds. It'll take a few days more to pay the money out to you.

Full encashment – You can cash in your bond at any time. As with one off withdrawals, we may in some circumstances wait up to 10 working days before we complete the transaction, and it'll take a few more days to get the money to you.

If you're thinking about taking money out of your bond, please read the '**What about tax?**' section on page 6, as if you're a higher rate taxpayer, or become one because you take money out of your bond, there may be additional tax to pay.

It's also important to remember that if you cash in your Bond, you cannot reinvest in another LV= Smoothed Bond within 12 months. We've explained this in more detail in Section A1 of the Bond Conditions.

What are your charges?

This will help you understand what charges you pay when you invest in our bond.

We take our charges by taking units away from your bond.

Annual Management Charge (AMC)

The **Annual Management Charge** will apply to your **Bond**. We take this charge on the **Start Date** and on the same day each month after that, (or on the next **Working Day**, if it isn't one).

The monthly charge is a percentage of the value of **Units** as at the last **Valuation Day**. The **Annual Management Charge** percentage is based on the value of your **Bond** at the time the charge is taken. The percentage rate is shown on your **Bond Summary** or subsequent documents we send out to confirm changes.

Guarantee Charge

If you add a guarantee, we'll make an additional monthly charge for the term of the guarantee. This is added to the monthly management charge. The current charge for your chosen fund option and guarantee term is shown in your personal example and on your Bond Summary.

To find out the latest available guarantee terms and the charges that would apply if you were to buy a new guarantee, or replace an existing one, you can call us on **0800 681 6292**.

Once you've added a guarantee, the guarantee charge you pay is fixed for the term of the guarantee, based on the guaranteed amount at the date the charge is taken each month. If you cancel your guarantee the guarantee charge will stop.

For example

Chris invests £100,000 in a LV=Smoothed Bond (after any adviser charges). He chooses the Cautious fund, and adds a 10 year guarantee. He withdraws £500 a month, starting 1 month after he invests. He doesn't pay any ongoing adviser fees. We calculate the guarantee charge every month with the first charge payable when the policy is set up. The table below shows how this works in the first 6 months of the investment.

	Original guarantee amount	Total withdrawals taken since guarantee added	Value used to calculate guarantee charge	Value of charge taken (0.083%)*
Month 1	£100,000	£0	£100,000	£83.00
Month 2	£100,000	£500	£99,500	£82.59
Month 3	£100,000	£1,000	£99,000	£82.17
Month 4	£100,000	£1,500	£98,500	£81.76
Month 5	£100,000	£2,000	£98,000	£81.34
Month 6	£100,000	£2,500	£97,500	£80.93

*This is the monthly equivalent of a yearly guarantee charge of 1.0%.

What are the Administration Charges?

Changing your fund option – You can change your fund option up to three times every 12 months for free. If you make more than three changes in any 12 month period, we'll charge £25 for each extra change.

What might I get back?

The value of your bond when you cash it in will depend on:

- how much you invested
- how well our investments have performed
- our charges
- any money you've taken out of the bond and any money that's been paid out to your financial adviser on your behalf as ongoing and ad-hoc adviser charges
- any guarantee you've added
- tax.

Your personal example gives you an idea of what you might get back.

Does the bond include life cover?

Yes. This is a life insurance bond, and you'll need to choose one or two people to insure. As an investor you can be the person insured, or you can choose to insure someone else.

The minimum entry age for any lives assured is 3 months and the maximum entry age is 89 (this maximum applies to the youngest life assured if you have a joint life second death bond).

What happens to my bond if I die or become terminally ill?

Your investment includes life cover of 100.1% of the value of the bond. This life cover will be paid out depending on when the bond is set up.

If you are both the bond owner(s) and the person(s) insured, once a claim has been made:

- if you have a single life bond, your bond will be cashed in and paid out
- if you have a joint life first death bond, the bond will be cashed in and paid out when either of the people insured dies or becomes terminally ill
- if you have a joint life second death bond, if one of the people insured dies or becomes terminally ill, the bond will continue for the benefit of the surviving person. If one of the people insured has already died and the second person insured either dies or becomes terminally ill, the bond will be cashed in and paid out.

If you are the bond owner(s), but not the person insured, it is the person or people insured who are covered by the life and terminal illness cover included in this bond.

By 'terminal illness' we mean an incurable illness where, in the opinion of an attending consultant and our Chief Medical Officer, the person insured would not be expected to live for more than 12 months.

How do I make a life cover or terminal illness claim?

Please contact us if you want to make a life cover or terminal illness claim. You can do this in writing, or by phone. You can call us on **0800 681 6292**. We'll ask the person making the claim to complete a claim form, which we'll send to them at the time. We'll also ask them to send any documentation that we need along with the completed claim form. Please see Condition B3 of the Bond Conditions for more details about making a claim.

What about tax?

You won't have to pay any capital gains tax or basic rate income tax on money taken out of your bond as we've already paid tax on income and gains. This tax can't be reclaimed, even if you're a non-taxpayer.

Each year up to 5% of the amount you invested can be taken out and you won't have to pay any additional income tax at that time. We call this your 5% allowance and if you don't use it in any year it can be carried forward.

If you're a higher rate tax payer, or you become a higher rate tax payer because of the gain on your bond, you'll have to pay more tax:

- on any gain when you finally cash in your bond, or
- if you take out more than your 5% allowance in any year – including any money paid out to your financial adviser on your behalf as ongoing and ad-hoc adviser charges. If you don't take the full 5% in any year, any unused amount can be rolled forward to later years.

From 6 April 2016 the Government introduced a tax-free Personal Savings Allowance. This may benefit you, particularly if you are a higher rate taxpayer. For further details please contact HM Revenue & Customs.

We'll tell you if there is a gain on which you might need to pay tax.

If you qualify for age allowance or government tax credits you could lose some or all of these benefits if you make a profit when you cash in your bond or more than your 5% allowance is taken out.

If your bond is set up under a trust you might have to pay income tax on any gain.

Your bond will be issued as a series of 50 identical policies which gives you flexibility to cash in individual bonds and can also have tax planning advantages.

This is only a summary. Please speak to your financial adviser if you need more information as this will depend on your personal tax position, which might change in the future.

Any references we make to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which can change.

Can I change my mind?

When we send you your bond documents we'll remind you that it's your legal right to change your mind. You can cancel your bond within 30 days of getting your documents. If you do want to cancel, just fill out the form and send it back to us at **LV=, Investment Bond Administration Team, County Gates, Bournemouth, BH1 2NF**.

If you send us your cancellation form within 30 days of receiving it, we'll refund any money you've paid into your bond.

Please note, if you've instructed us to pay any adviser charges any amounts already paid or due to be paid will be deducted from the amount we refund to you.

You can still cancel your bond any time after these 30 days but you may get back less than you invested.

How much will the advice cost?

If you need advice about whether this bond is suitable for your needs, please contact your financial adviser who will give you details about the cost of providing advice. If you ask us to, we can pay any adviser charges to your financial adviser on your behalf, or you may agree to pay your financial adviser directly.

If you ask us to pay them on your behalf, any initial adviser charge will be paid before any money is invested into your bond. Any ongoing or ad-hoc adviser charges will be paid out of your bond and treated as withdrawals.

How will I know how my bond is performing?

Every year we'll send you a statement showing how your bond is performing. You can check the unit price by calling your financial adviser.

Further Information

Retail Customers

We're required by our regulator, the Financial Conduct Authority, to categorise our customers to determine the level of protection they'll receive. If you invest in our bond described in this Supplementary Information Document we'll treat you as a retail client. This gives you the highest level of protection available under the Financial Conduct Authority rules.

Terms and Conditions

This Supplementary Information Document gives you a summary of our bond. You should also see 'Your guide to how we manage our unithised with-profits Smoothed Managed Funds business', and the Bond Conditions for further details.

Law

The LV= Smoothed Bond and its terms and conditions are governed by the laws of England and Wales. In the unlikely event of any legal disagreement, it would be settled exclusively by the courts of England and Wales. We'll always communicate in English.

Complaints

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on **0800 681 6292** (for textphone, dial 18001 first). Or, you can write to us at: **Box 2, LV=, County Gates, Bournemouth, BH1 2NF.**

Your complaint will be dealt with promptly and fairly and in line with the Financial Conduct Authority's requirements, and if you want more information on how we handle complaints, please contact us, or visit [LV.com/complaints](https://www.lv.com/complaints).

We hope that we will be able to resolve any complaint that you have. If you're unhappy with the resolution of your complaint, the Financial Ombudsman Service may be able to help you free of charge, but you'll need to contact them within six months of receiving our final response letter. Their website is [financial-ombudsman.org.uk](https://www.financial-ombudsman.org.uk) which includes more information about the service, including details of the various ways they can be contacted.

If you make a complaint it won't affect your right to take legal action.

Compensation

We've been in business since 1843, and take great care to manage our affairs sensibly.

We're required to publish a report each year about our solvency called a Solvency and Financial Condition Report. Solvency is a company's ability to meet its long term financial commitments and this report will help you understand more about our solvency and how we manage our capital and risks.

If you'd like a copy you can visit [LV.com/sfcr](https://www.lv.com/sfcr), or you can write to: **Group Company Secretary, County Gates, Bournemouth, BH1 2NF.**

If we ever did get into financial trouble and couldn't honour our commitments, you would be entitled to compensation from the Financial Services Compensation Scheme. The compensation you could get depends on the type of product you have. For this type of bond, the scheme covers 100% of the claim. The scheme's first responsibility is to seek continuity rather than to pay compensation.

For more information go to [fscs.org.uk](https://www.fscs.org.uk) or call **0800 678 1100** or **0207 741 4100**.

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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