LV= Smoothed Managed Funds Bond Series 1– Smoothed Managed Cautious Fund

Key Information Document (KID)

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

Smoothed Managed Funds Bond Series 1 – Smoothed Managed Cautious Fund ISIN code: GB00BNVVFF27

Liverpool Victoria Financial Services Limited, www.LV.com Call 0800 5877857 for more information.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Correct as at 13 October 2023.

You are about to purchase a product that is not simple and may be difficult to understand.

What is this Product?

Type:

This product is an onshore unitised with-profits fund, whole of life Investment Bond with no Capital Guarantee purchased at outset. You can only select one investment fund within your Bond at a time. As this is a single premium investment, you cannot make additional investments into it later on.

Objectives:

The Smoothed Managed Funds Bond Series 1 – Smoothed Managed Cautious Fund invests in stock market related investments, which are designed primarily to meet your needs for steady capital growth in the value of your savings over the long term, together with a low level of investment risk. Our risk assessment is based on our investment objectives and the mix of assets in the Smoothed Managed Cautious fund. You'll notice a different risk indicator over the page, comparing this fund to other products. It's based on 5 years simulated performance of historical performance data of the underlying asset class building blocks used to construct this fund.

This investment is open-ended, typically 5 years, and ideally 10 years or more, with the flexibility to allow regular withdrawals or ad-hoc withdrawals. The unitised with-profits fund invests directly or indirectly, in a diversified portfolio of fixed interest, equities, property, cash and other related instruments. This is a stockmarket related investment which can rise and fall in value, and you may get back less than you've invested.

During the first 26 weeks of investment money is initially invested into the fund and valued at the underlying unit price on day 1. From day 2 units will normally be valued at the daily gradual averaged price. After 26 weeks the fund is then normally valued at the averaged price. The averaged price is calculated by taking the average of the fund's daily underlying unit price over the preceding 26 weeks. The averaging mechanism aims to help smooth out the effects of short-term market volatility. In certain circumstances, LV= value your investment using the underlying price, or the daily gradual averaged price with an appropriate smoothing period of up to 26 weeks, instead of the averaged price, even after the first 26 weeks. You can find out more information about this within the Bond Conditions.

You can switch your fund choice at any time, choosing between a range of funds. The first three fund switches a year are free, but we'll apply a charge if you switch more than this during the bond year.

Fund switches will be transacted 10 working days after the request is received by LV=.

Intended retail investor:

This product is intended for investors who are prepared to take on a low level of risk of loss to their original investment in order to gain potentially a steady return and who plan to stay invested for at least 5 years, and ideally 10 years or more. It is designed to form part of a portfolio of investments. You can invest in this Bond if you're age 17 or over.

Insurance benefits and costs:

The bond is a whole-of-life single premium investment with life cover included, which will provide 100.1% of the value of the bond in the event of the death of the life or lives insured (depending on how the Bond is set up) or terminal illness with less than 12 months life expectancy. A monthly management charge is applied to the Bond which includes any costs of providing the life cover. The charge is deducted by cancelling units in your Bond. The impact of the charge is shown in the **'Costs over time'** table in the section entitled **'What are the costs?'** The minimum age of a life insured when the Bond is set up is 3 months and maximum age is 89 years. As the Bond owner, you can be the life insured, or you can choose to insure someone else.

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

Risk Indicator:

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.

The risk indicator assumes you keep the product for 10 years. The actual risk can vary significantly if you wish to cash in at an early stage and you may get back less.

We have classified this product as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact our capacity to pay you.

This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment.

However, you may benefit from a consumer protection scheme (see the section **'What happens if we are unable to pay out'**). The indicator shown above does not consider this protection.

Investment Performance Information

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

The Smoothed Managed Cautious Fund invests in a diversified portfolio of fixed interest (bonds), equities (stocks and shares), property, cash and other related investments. The mix for this fund is typically more weighted to less riskier investments like bonds that usually have lower growth rates than investments like equities. The value of these investments, and as such the growth of your (money) investment in the fund, will rise and fall due to various factors. These factors can include, among other causes, the impact of inflation, interest rates, currency exchange rates, the state of the economy, and even natural or man-made disasters.

As the fund invests in a variety of assets, the most appropriate way to compare performance is through comparison with other funds with a similar mix of investments. Performance information is usually published on providers' websites, for example in fund factsheets. The fund is expected to perform in line with funds that are in the same category, mixed investment 0-35% shares, as set by the Association of British Insurers (ABI) over the long term but with lower volatility than funds that do not smooth their unit price. To understand more about smoothing please read our LV= Smoothed Managed Funds Customer Guide.

What could affect my return positively?

The Smoothed Managed Cautious Fund invests in a variety of asset types across geographical locations, this is in order to provide sources of positive return as expectations regarding factors such as interest rates and economic growth change. For example, during a period of stable global economic growth, the equity investments within the fund are expected to have a positive effect on the fund return. While in a period of economic slowdown and falling interest rates, the fixed interest investments are expected to have a positive effect on the fund return.

For example in 2018 the global economy was relatively stable and so we saw growth in both equities and bonds, leading to a rise in value for the Cautious fund.

What could affect my return negatively?

A period where stockmarkets fall in value, such as economic recession, movement in interest rates, inflation, pandemic, Brexit, and geo-political unrest (war and sanctions).

The Smoothed Managed Cautious Fund is invested in multiple asset classes which are spread globally by region, this is in order to provide investors with returns that are robust under a range of potential circumstances. For example, in a situation where the global economy is slowing and the expectations of company earnings are declining, equity investments may have a negative effect on the fund return. Whilst a prolonged period of strong economic growth, may lead to inflationary pressures which cause an increase in interest rates and fixed interest investments to have a negative effect on fund return.

For example in March 2020 the COVID 19 crisis hit the equity market very hard and so growth in our Smoothed Managed Cautious fund was restricted.

If you take your money out under severely adverse market conditions, you may get back less money than you paid in, your capital is at risk. The smoothing of the unit price can also be suspended at our discretion in exceptional conditions or if the underlying price is 80% or less then the averaged or 'smoothed' price. This may mean the value of your money is worth less than it would have been if the smoothing had not been stopped. Your personal tax situation may also affect how much you get back.

What happens if LV= is unable to pay out?

If we ever did get into financial trouble and couldn't honour our commitments you could face a financial loss. However, you would be entitled to compensation from the Financial Services Compensation Scheme, which is funded by the insurers. For this type of bond, the scheme covers 100% of the claim. For more information go to **www.fscs.org.uk** or call **0800 678 1100** or **0207 741 4100**.

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.

Costs over time

Investment £10,000 Scenarios	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years
Total costs	**£85**	**£437**	**£904**
Impact on return (RIY) per year	0.86%	0.87%	0.87%

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.

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**	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	**Portfolio transaction costs**	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.87%	The impact of the costs that we take each year for managing your investments.
Incidental costs	**Performance fees**	0.00%	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark.
	Carried interests	0.00%	The impact of carried interests.

How long should I hold it and can I take my money out early?

Recommended holding period: at least 5 years and ideally 10 years or more.

This Bond is a whole of life plan designed for longer term investments for capital growth in the value of your savings. It is openended, with a recommended minimum holding period of at least 5 years, and ideally 10 years or more.

However, you can cash in your Bond without penalty on any working day during the lifetime of your bond. The value of the fund will be determined by the declared unit price set at noon for the working day of the request. This will usually be the averaged price (other than in the first 26 weeks of your investment, or at any other time where LV= applies the underlying price or a daily gradual averaged price, instead of the averaged price, as set out in the Bond Conditions). These prices are published on our website. LV= may apply up to a 10 working day waiting period before we process a request as explained in the Bond Conditions. If a waiting period is applied we will confirm your request and how long the waiting period will be.

For new investments, you can change your mind within 30 days of when you receive your cancellation notice.

How can I complain?

If you have a complaint about any part of the service you receive from us or about the person that advised you about this product, or who sold it to you please contact 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. Or alternatively Email us: **feedback@LV.com**. For more information please contact us, or visit **www.LV.com/complaints**.

If you are still unhappy with our decision or resolution, you can ask The Financial Ombudsman Service (FOS) to look at your complaint free of charge. For more information and how to contact them please visit their website at **www.financial-ombudsman.org.uk**.

Other relevant information

Please read this document along with your personal illustration, the Supplementary Information Document (SID) and Bond Conditions. These documents provide you with important information about this product.

This document assumes no mutual bonus is paid, however with-profits members will be eligible to participate in the future financial performance of LV=through mutual bonus declarations. With this KID you should have also been provided with a booklet called 'Your guide to how we manage our unitised with-profits Smoothed Managed Funds business'. In this you'll find useful information to help you understand how we manage your investment in our with-profits fund. We strongly recommend you take a few minutes to read it.

You can obtain further contractual information about us and this product at **www.LV.com/investments/investment-products**. We will also review, if deemed necessary at any time and publish the KID each year; you can find the new version at **www.LV.com/investments/investment-products**. Without prejudice to ad hoc reviews, the KID will be reviewed at least every 12 months.

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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