

LV= Smoothed Managed Funds Bond

Product Profile

In this document we outline the relevant product information about the LV= Smoothed Managed Funds Bond Series 1 ('LV= Smoothed Bond'), required for distributors. We set out the product's target market, distribution strategy, main features, limits, suitability, risks, options and costs.

It is a summary; for full details please refer to the Bond Conditions.

Target market

The LV= Smoothed Bond is an onshore investment bond primarily suitable to attain capital growth. The bond offers a unique smoothing mechanism and, subject to availability, a capital guarantee. The smoothing mechanism aims to reduce the impact of short term market volatility. A capital guarantee may also be available at initial, or subsequent investment, or on expiry of a previous guarantee.

We offer a range of risk-rated fund options that invest in a mixture of different assets and offer the potential for smoothed investment growth.

The bond has no fixed term, but we would expect a client to invest for at least five years and ideally longer.

We believe the main group of investors that the bond is likely to appeal to as part of their savings and investment strategy are:

- 45+ year olds with lump sums to invest.
- Pre-retirement.
- Post-retirement.
- Corporate Investors (see separate adviser guide for more information).

Distribution

To ensure your client receives a product that is right for them we believe the bond should be sold on an advised basis, whether this be face to face or over the phone.

It's important to regularly review your client's circumstances and needs to make sure their investment is appropriate.

Main features

- Choice of a range of funds as detailed in 'Your guide to how we manage our unitised with-profits Smoothed Managed Funds business'.
- A unique smoothing mechanism to reduce the impact of short term market volatility.
- A unitised with-profits investment with the option to take regular or ad-hoc withdrawals.
- Optional capital guarantee at outset (subject to availability).
- Life cover and terminal illness benefit.
- With-profits members will be eligible to participate in the future financial performance of LV= through future mutual bonus declarations

Risks

- This is a stock market investment so your client isn't certain to make a profit and may get back less than they invested.
- If your client buys a guarantee on the fund and decides to cash in or switch fund option, before or after the end of the guarantee term, they will lose the benefit of the guarantee.

Limits and basis

- A lump sum investment.
- Minimum investment £5,000, maximum investment £1,000,000 (includes aggregated investment across the Smoothed Managed Fund range and Flexible Guarantee product range).
- No fixed term, but we would expect a client to invest for at least 5 years and ideally longer.
- The bond includes life cover and terminal illness benefit of 100.1% of the value of the bond. Available on an own life, joint life and life of another basis and on lives assured aged between 3 months old to 89 years attained (this maximum age applies to the youngest life assured on a joint life second death bond).
- From day two, the investment is smoothed by gradually averaging the daily underlying price over the number of days it's been invested. After 26 weeks (roughly six months), the investment is then valued by averaging the value of the assets over the previous 26 weeks.
- A 10 working day wait period will apply to all fund switch requests.
- Withdrawals can be ad-hoc and made at any time.
- Regular withdrawals can be set up on a monthly, quarterly, six-monthly or yearly basis.
- A wait period of up to 10 working days may be applied for withdrawals.

Eligibility

To apply clients must be:

- UK residents.
- Aged 17 or over, there is no maximum age.
- The bond can be owned by individuals, on a single, joint and life of another basis, or by trustees or companies.
- Investment into this bond will not be permitted within 12 months of full surrender of any LV= Smoothed Bond or Flexible Guarantee Bond (or full surrender of the last bond if multiple bonds are held).

LV= Smoothed Bond

Is suitable for individuals who	Is unsuitable for individuals who
<ul style="list-style-type: none"> ✓ wish to invest a lump sum for at least 5 years and ideally longer ✓ want to choose a fund to match their risk appetite ✓ understand the risks associated with stock market related investments and are willing to accept them in exchange for potential growth in their investment ✓ want the option, if available, to add a guarantee to their investment at outset in exchange for an extra monthly charge ✓ have already made use of their tax efficient allowances ✓ want the option to take regular or ad-hoc withdrawals and understand that if they withdraw money from their investment (including the payment of adviser charges on their behalf after the bond has commenced), it could be subject to tax at any time ✓ understand that if withdrawals of more than 5% of their original investment are made each year (cumulative – including the ongoing and ad-hoc adviser charges), it could eat into their original investment and could be subject to tax ✓ want to use the bond to help with IHT planning by placing it in trust. 	<ul style="list-style-type: none"> ✗ don't wish to invest for the long term ✗ don't understand the risks associated with stock market related investments ✗ don't wish to buy a guarantee and at the same time don't wish to put the invested capital at risk ✗ don't understand that withdrawals from a bond with a guarantee will have the effect of reducing the guaranteed amount. A portion of any guarantee in place will be lost following continued withdrawals ✗ still have unused tax efficient allowances available ✗ don't understand the impacts of withdrawals on their investment

People who expect to be higher rate taxpayers, or are near to the higher rate tax band when they cash in their bond, should be aware of the additional tax that may be payable on encashment. This bond may still be suitable for those for whom a guarantee may be more of a priority, or who have explored and used any tax efficient investment opportunities available to them.

Options and additional benefits

Optional Capital Guarantee: Subject to availability, your client can buy a capital guarantee when they take out their bond or as a replacement, when an existing guarantee ends at its expected term. A guarantee can only be added at the point of application and cannot be added at a later date.

If your client has a guarantee in place and they request a fund switch, the guarantee will cease on receipt of the switching request and a new guarantee will not be offered. When your client buys a guarantee, we promise that, at the end of the selected guarantee term, the bond will be worth at least the amount it was when they bought it, less any money paid out during the guarantee term (including withdrawals and adviser charges). Naturally, if the bond is worth more than the guaranteed amount at the end of the guarantee term they get the extra as well.

Any guarantee available will be at a term of 10 years.

There is an additional charge for the guarantee. For more information about the guarantee, please refer to the LV= Smoothed Bond Supplementary Information Document.

Costs and charges

Initial charge: nil.

Annual management charge: The annual management charge is based on the value of the LV= Smoothed Bond (including any mutual bonus) at the time each charge is taken. Any charges applied will be taken monthly as 1/12 of the annual charge by cancelling units.

Early Encashment Charge: nil.

Administration charges: Fund switch charge: Free of charge for the first three per bond year. Thereafter a fee of £25 will apply for each additional fund switch.

Discover more about our LV= Smoothed Bond

If you'd like more information, please get in touch with your usual Business Development Manager or



0800 032 8298

Lines are open 9am – 5pm Monday to Friday. Calls will be monitored and/or recorded for training and audit purposes.



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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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46069-2025 04/25

