Marketing

Investment Bond

A lump sum investment

Sheffield Mutual Est. 1892

Invest a lump sum with the potential for long-term growth

Making your money work harder

- Invest from £1,000 up to £150,000
- Medium to long-term investment
- A guarantee of 103% after five years
- Potential for growth through annual and final bonuses
- Quick and easy application process

Investment Bond

A warm welcome to Sheffield Mutual. We've been helping our members make the most of their money since 1892. We'd love to do the same for you and your family.

As a mutual society with no shareholders, our members are the people we care about the most. Any surplus profit is distributed to provide you with the best possible returns combined with the highest standards of personal service. Building on the experience of our heritage while always looking to the future, we've developed a selection of straightforward trusted savings, investment and protection plans - with a particular emphasis on tax-efficient savings and investment policies.

Risks you should be aware of:

- **If you surrender in the first five years a surrender penalty will apply, meaning you may get back less than you invested.**
- **Tax treatment depends on individual circumstances and may be subject to change in the future.**

Growth potential and a guarantee after five years, Sheffield Mutual's Investment Bond could be right for you

What is the Investment Bond?

The bond is a single premium investment that has no fixed term but is designed to be held for a minimum of five years. Providing there is no market value reduction (MVR) the amount payable when it is withdrawn after five years will be the guaranteed sum assured plus bonuses which are added during the life of the policy. The final value will depend upon investment performance but bonuses are declared annually. Bonuses are not guaranteed.

If you surrender your bond within the first five years then a surrender penalty will apply and you may get back less than you invested.

How much can I invest in an Investment Bond?

The minimum investment is £1,000, up to a maximum of £150,000 per calendar year (January to December).

Who can invest in a bond?

The bond is available to all ages, though for children under the age of 11 a parent or guardian will be required to complete the proposal form. In addition, a parent or guardian's signature will be required to surrender a bond where a child is under the age of 16 at the time of the request.

Can I invest in joint names?

Yes, the bond can be held in joint names.

Why should I invest with Sheffield Mutual?

As a mutual friendly society we have no shareholders to satisfy therefore all our surplus profits are shared with our members. We specialise in offering with-profits policies, which offer greater potential returns by investing in a range of different assets – without exposing your capital directly to the stock market.

Where will my money be invested?

The Society invests in a range of different assets with the aim of providing a higher return in the medium to longer term (five - ten years+) than that achievable in a bank or building society account. We will look to achieve this by maintaining a spread of investment assets that will provide a low to medium risk bond making it an option for individuals with a more cautious approach to investing their money.

Types of assets we invest in are:

- **Shares of companies** although mainly UK based, we have exposure to overseas companies to provide diversification. These provide income from dividends with the possibility of capital growth.
- **Fixed interest investments** such as government gilts and corporate bonds.
- **Property** the Society owns a portfolio of properties which provide rental income from rentals and potential capital growth.
- **Cash**

The proportion held in each of these can vary depending upon market conditions but you can obtain a guide of the spread by contacting the Society's office. We seek to adopt an ethical approach to investing and it is our policy not to invest knowingly or directly in industries relating to armaments, tobacco, gambling or pornography.

How are bonuses calculated and paid?

We invest our funds in a mixture of diversified assets and receive a return on those investments which can vary from year to year. At the end of March we review the returns achieved during the previous calendar year and declare a bonus rate for each policy type for that period. The rate varies depending upon overall investment returns and, therefore, bonuses are not guaranteed to be paid at the same rate, or at all, in future years.

Bonuses are calculated at the appropriate rate based on the sum assured not the amount of premium paid and on encashment after five years subject to the conditions outlined below, you will receive the initial sum assured plus bonuses added during the life of the policy.

The Society also tries to 'smooth' returns over the life of the policy by retaining some of the investment return in good years to maintain bonus rates in less positive years. However, to ensure members receive their fair share of returns on their policy over its lifetime, there may be an additional terminal bonus paid on maturity. Payment of this type of bonus depends entirely on investment performance and the rate at which annual bonuses have been added and is not guaranteed.

Are there any guarantees?

Providing the bond runs for **at least five years** the Society guarantees that you will get back a minimum sum assured of 103% of the initial investment. Bonuses when declared are added to the sum assured. In the event of adverse investment conditions the Society reserves the right to apply a market value reduction (MVR) to the sum assured and any bonus already added. However the Society guarantees that the application of the MVR after five years will not reduce the proceeds below 103% of the initial investment. An MVR will not be applied in the event of the policy becoming a claim as a result of the death of the single policyholder, or the death of the second policyholder for joint policies.

How long does the money have to remain invested?

The recommended minimum investment period is five years after which you can either withdraw your investment or leave it to earn future bonus until such time as you need it. Should you need to withdraw some of your capital at a future date we can invest your lump sum into separate policies, with a minimum of £1,000 per policy, which will enable you to withdraw part of your investment without having to surrender (cash in) the entire investment. If you surrender your bond within five years of commencement then a surrender penalty will apply and you may get back less than you invested.

Can I have an income from a bond?

No, this bond does not provide any income during the term, but if you require income please ask about our Income Bond.

Can I make any withdrawals?

Yes, it is possible to surrender your bond but as this is a medium to long-term investment early surrender may result in you receiving less than you originally invested. It is not advisable to invest in this bond if you know at the outset that you will require the money within five years.

What happens if I die?

The bond provides a sum assured of 103% of the initial investment. In the event of death the Society will pay out the sum assured plus any bonuses that have been added to your policy. In the case of a joint life application on the first death, the bond will continue in the name of the survivor.

Is there any tax liability?

The money you save is invested in a fund on which the Society pays tax and tax at the basic rate may be treated as paid on any taxable gain, which means there is likely to be no further tax to pay unless you are taxable at the higher rate. However, a gain on which tax is treated as paid may have an effect on your tax liability if you qualify for age-related allowances or reliefs, or you are receiving tax credits. All references to taxation are based on the Society's understanding of current tax legislation and practice, which may change in the future.

Tax treatment depends on individual circumstances and may be subject to change in the future.

If you die the people who inherit your bond may have to pay inheritance tax and income tax.

Are there any charges?

Yes, the Society makes a charge of 5% of the initial investment in year 1 and subsequently 0.5% of the fund each year. These charges are to cover the costs of setting up the policy and ongoing management. The charges are deducted from the overall fund and taken into account when we calculate the level of bonuses we are able to pay.

What about membership?

When you open a policy with us, you will automatically become a member of the Society (adult policyholders only). As well as being able to have your say on how the Society is run each year, you will also have access to various discretionary benefits, such as optical and dental grants, as well as exclusive access to a range of discounts and offers.

Where can I get further help or information?

Our team would be more than happy to provide you with factual information about our products and services, so you can make your own decision about how to proceed. However, we are unable to give any advice or recommendations on the suitability of our products. If you are unsure, you should seek advice from a qualified financial adviser, which may incur a fee.

Do I need to provide any additional information?

To comply with regulations, the Society will require confirmation of your identification and address. We'll aim to do this using an electronic verification system, but reserve the right to ask for appropriate documentation from you, if this is not possible. If the policy is for a child, we'll need a copy of their birth certificate. This must be independently certified if saving more than £2,000.

How do I start my bond?

Simply decide how much you would like to invest and for how long and what level of income you'd like to take. You should then read the 'All about us' section in this booklet, the 'With-profits information' sheet and the Key Information Document and, providing you do not need any advice, complete and return: the application form, which includes the 'is this product right for me?' questionnaire and client agreement / non-advised sale letter to the address on the back of this leaflet along with a cheque made payable to "Sheffield Mutual" for the initial premium if applicable. If you prefer, you can make your first payment by debit card over the phone, or you can make a payment directly into our bank account (please see our website for account details). You can also apply online via our website **www.sheffieldmutual.com**.

Please ask for details of our other products, which include:

- Tax Exempt Savings Plan
- Tax Exempt Savings Plan with Life Insurance
- Regular Savings Plan
- Investment ISA
- Investment Junior ISA
- Income Bond
- Capital Plan
- Sheffield Protect - Whole of Life Plan

All about us...

Sheffield Mutual Friendly Society Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

You can find out more about us by looking at our entry on the Financial Service Register at **https://register.fca.org.uk/** where our registration number is 139855.

We are an incorporated Friendly Society registered under the 1992 Friendly Societies Act and our number is 810F. For the purposes of the Insurance Distribution Directive we are classified as an insurance undertaking. For FSCS purposes our products are classed as long-term insurance.

Our registered address is **3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, S75 3DP**

How to contact us

Our telephone number is 01226 741000 and our email address is **enquiries@sheffieldmutual.com**

Our postal address is Sheffield Mutual Friendly Society, 3 Maple Park, Tankersley, Barnsley. S75 3DP

You may contact us in any way which is best for you, whether it is just to get more information or to apply for new policies with us.

About our service

We will always provide you with all the information you need about our products and services. We do that through this brochure, the conversations we have with you and by providing the Key Information Document for the product which you must read. The products Sheffield Mutual Friendly Society provide are the Society's own products.

We are not a financial advice company and we do not make personal recommendations about the suitability of the product for you. Provided we are satisfied that the product meets your demands and needs, and it is not inappropriate for you to buy it, the information we give enables you to take your own informed decision to proceed with the purchase.

Our team, when they speak with you, ensure that you have all the information you need and are there to answer your questions openly and honestly.

Once a year we will issue you with a bonus statement and covering letter which will explain the financial value of your policy with us, how bonuses have been added and any ongoing management costs charged.

Every year we publish our Solvency and Financial Condition report on our website, the report can be found under the Corporate and Governance section.

We strive to always put your best interests first and as part of that the Board has established a Conflicts of Interest Policy to ensure we continuously try to identify any conflicts that may arise between us, our directors, our employees and representatives, you the customer and our other business connections.

We establish internal processes and procedures to manage possible conflicts and to ensure you will not suffer any detriment or disadvantage should a conflict of interest ever materialise. The full Policy can be sent to you by post on request.

How we remunerate our team

We take great care to ensure our employees are remunerated in ways which do not create any conflicts of interest for them or you, and we structure their pay so that there is no inducement for poor sales practices.

We do this by paying our employees by salaries with a bonus element for successfully doing their job. These payments are made by Sheffield Mutual Friendly Society. We do not pay individual sales bonuses.

How we remunerate our third parties

When we receive your application for a product which has been referred to us by a third party (such as a financial adviser) we may pay them a referral fee. We may also pay a commission to a financial adviser who has arranged your policy without giving you a personal recommendation and has simply provided you with information about this service and assisted with your paperwork. If we pay such a fee the amount will be advised within your personal illustration before we process your application.

Your financial protection

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 – **http://www.fscs.org.uk** or by clicking on the "FSCS protected" link on our website footer.

Some of the investments underlying this product are managed on behalf of Sheffield Mutual Friendly Society by professional investment managers, and they use nominees and custodians, in respect of investments purchased and held. The investment managers and their counterparts are not covered by the compensation scheme but were they to default, and this in turn caused Sheffield Mutual Friendly Society to default, then an eligible claim may still be covered by the FSCS because your contract is with Sheffield Mutual Friendly Society. The FSCS does not cover losses arising purely from investment performance.

Your data protection

We are registered with the Information Commissioners Office and our registration number is Z6719617.

We are totally committed to keeping your data safe and secure and we will only use it for the purposes you agreed to when you gave it to us. Our aim is to always put your interests first and we do that by adhering to the requirements of the Data Protection Act 2018.

Our full Privacy Statement can be found here **www.sheffieldmutual.com/privacy-policy** or we will supply a paper version if you ask us to.

Complaints

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 to: The Chief Executive, Sheffield Mutual Friendly Society, 3 Maple Park, Tankersley, Barnsley, S75 3DP, by telephone: 01226 741000 or by email: **enquiries@sheffieldmutual.com**. A full explanation of our approach to complaints handling can be found on the Help and Support page of our website.

If you remain dissatisfied after we have given you our final response you may refer the matter to the Financial Ombudsman Service whose address is The Financial Ombudsman Service, Exchange Tower, London, E14 9SR and telephone number 0800 0234 567 or 0300 123 9123.

Quick and easy application process, get in touch today:

www.sheffieldmutual.com

enquiries@sheffieldmutual.com

Call our team on **01226 741 000**

Calls may be monitored and recorded for your protection

Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP

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Sheffield Mutual
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Issued by Sheffield Mutual Friendly Society. Sheffield Mutual is the trading name of Sheffield Mutual Friendly Society Limited, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley S75 3DP. The Society is incorporated and registered under the Friendly Societies Act 1992 (register no 810F) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register Number 139855).

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March 2021

With-profits information sheet

What is a with-profits policy?

With-profits is a type of investment plan sold in the UK in which extra amounts may be added to the main benefit (known as the sum assured) to reflect profits earned during the course of the contract.

A with-profits policy shares in the profits of the Society through the addition of annual and final bonuses.

The amount of bonus will depend on how the investments in the fund have performed while you have been paying premiums into it. Regular or "reversionary" bonuses may be added, usually each year, and once declared are guaranteed.

A final or "terminal" bonus may be added when the policy is closed after it has run its minimum or set term. The amount of bonus will also depend on the allowance we make for the expenses of setting up and running the policy. The Society is a mutual organisation, which means that there are no shareholders. The Society is, therefore owned by its members, which includes with-profits policyholders.

With-profit funds are typically invested in a mixture of equities, property and fixed income investments (see overleaf). Under poor market conditions a "market value reduction" (MVR) may be applied to the value of the policy. A market value reduction or 'MVR' is designed to protect members who are not taking their money out of the Society during adverse market conditions and ensures that all members receive their fair share of the with-profits fund.

An MVR reduces the amount of payout you receive when withdrawing your monies during exceptional circumstances.

You will only see the effect of an MVR should you wish to withdraw your monies at the time there is an MVR in place. An MVR can be added, removed, increased or decreased at any time.

The following policy types are classed as with-profits:-

- **Tax Exempt Savings Plan (TESP) - with or without life insurance**
- **Regular Savings Plan**
- **Investment Bond**
- **Income Bond**
- **Individual Savings Account (ISA)**
- **Junior Individual Savings Account (JISA)**

Understanding the with-profits fund

Sheffield Mutual's with-profits fund is managed to provide a medium to low risk investment, appealing to individuals with a more cautious approach to investing. When you invest with us, we pool your money together with other members' in the with-profits fund.

The with-profits fund invests in commercial property, shares, fixed interest, cash, bonds and government gilts. With-profits aims to offer a better return than a typical bank or building society account, but is not as risky as investing all your money directly on the stock market as we 'smooth' returns.

Explaining smoothing

A particular feature of with-profits is 'smoothing'. This is the process where we hold back some surplus profit in good years so we can top up policy bonuses in years where the performance is not as strong. Smoothing aims to even out the short term ups-and downs that is often associated when investing directly in the stock market and has enabled the Society to maintain stable bonus rates even in volatile markets.

The payment of policy bonuses is not guaranteed and depends on the performance of the with-profits fund.

Glossary

Annual bonus

This is the bonus we may add to your policy each year. It is sometimes called a reversionary or regular bonus.

Assets

These are the investments held within the Society's long-term business fund.

Equities

Another word for "Share". A shareholder's equity is the value of the shares they hold.

Final bonus

This is the bonus that we may add at the end of the investment. It is sometimes called a terminal bonus.

Market value reduction

This describes an adjustment to the value of your policy in adverse investment conditions, in order to ensure you receive your fair share of the fund on surrender or encashment.

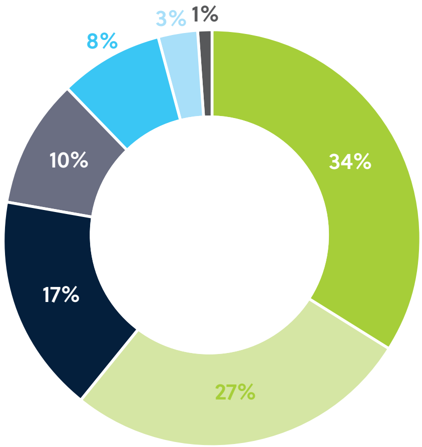
Sum assured

This is the amount shown on your illustration and is the guaranteed minimum you will receive on maturity and death (depending on the type of policy), providing you continue to pay all the premiums due.

Surrender

To cash in your policy before the end of its term.

Asset allocation



Commercial Property	34%	Cash	8%
Fixed Interest	27%	Alt Assets	3%
UK Equities	17%	Commercial Mortgages	1%
Overseas Equities	10%		

As at 31/12/2021

Our strategy is to achieve a balanced return of income and capital growth through a combination of good quality assets. We hold a higher proportion of commercial property as we can generate healthy yields from long-term leases with reputable tenants. We maintain a reasonable exposure to shares in order to preserve the value of investments over time but hold some of the funds in other assets to improve diversification and spread risk.

www.sheffieldmutual.com

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