

Key Information Document



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

With-Profits Bond - National Friendly

National Friendly is a trading name of National Deposit Friendly Society Limited. Registered office: 11-12 Queen Square, Bristol, BS1 4NT. Telephone: 0333 014 6244. Email: info@nationalfriendly.co.uk. Website: www.nationalfriendly.co.uk. Registered in England and Wales no. 369F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This document is correct as of 06/04/2024.

What is this product?

Type: A friendly society with-profits whole of life assurance policy. You can open one with a single premium of at least £2,500 up to a maximum of £50,000 in total. There is no fixed end date for your investment.

Objectives: It aims to pay the policyholder a lump sum when it is cashed in. This will be built up from the original investment, the addition of an initial 5% enhancement, and the possible addition of annual bonuses and a final bonus to the policy, depending on the growth achieved in a with-profits fund. This fund aims to achieve growth by investing in a mixed portfolio. We use a smoothing mechanism to pass this growth on to investors as bonuses.

Intended retail investor: The product is designed for individuals who wish to invest a lump sum of money for at least 5 years and would like to invest in a stocks and shares related investment but are not prepared to take the risk of investing directly into the stock market. They accept the risks of investing in a with-profits fund that invests in equities, commercial property, and fixed interest securities (government and corporate bonds). In addition, these individuals want the option to make withdrawals and are familiar with the tax treatment for withdrawals from the policy and the deductions that will be applied to the policy.

Insurance benefits: The value of your original investment may be increased through an initial enhancement and the possible addition of annual bonuses and a final bonus.

You can make regular or occasional withdrawals of some or all of your investment, at any time.

In the event of your death whilst holding this policy we will pay either 101% of the amount you invest, adjusted for any withdrawals, or the surrender value of your policy at that time, whichever is higher.

The value of these insurance benefits is shown in the section entitled 'What are the risks and what could I get in return?'

There is no maturity date. Should a withdrawal take the balance invested in your With-Profits Bond below £2,500 at any time, or if we pay out all of the money on your death, we will terminate (end) your policy.

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

Risk Indicator:



The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may have to pay significant extra costs to cash in early.

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. We have classified this product as 4 out of 7, which is a medium risk class.

This rates the potential losses from future performance at a medium level, and poor market conditions could 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 National Friendly is unable to pay out?') The indicator shown above does not consider this protection.

Performance Information:

Main factors likely to affect future returns:

After giving you a 5% enhancement on your investment, we will pool this with other policies in our with-profits fund. You then have a share of the with-profits fund. The size of your share depends on how much you paid in and when you paid it.

Generally speaking how much you get back will depend on how the money, inclusive of the 5% enhancement, is invested across a mix of stocks and shares, property and fixed interest investments and how that mix performs.

We will assess changes in these markets throughout your time with us and will change the mix as necessary.

The value of the Fund changes over time due to:

- Investment returns – the value of the Fund can move up or down and the impact will vary depending on financial markets and our subsequent approach and mix of the Fund.
- The impact of any deductions that we take to cover investment management fees and annual management charges.

How the mix within the Fund could impact performance and risk

The actual mix of assets will change throughout the policy lifetime to maintain a healthy balance between risk and reward. Because the Fund is invested in a mix of areas, there is no single measure to closely represent the performance of the Fund.

Payouts on with-profits policies are 'smoothed' to reduce the impact of ups and downs in market performance. This means that when profits from the Fund are strong, some will be held back to be used to support payouts when profits are weak.

What could affect my payout positively?

You may receive a better payout on your savings if the Fund performs well over the period you hold the policy.

You may receive a better payout if our investment management fees and annual management charges are lower than we anticipate.

You may receive a better payout if the government reduces the income tax rate.

What could affect my payout negatively?

You may receive a lower payout on your savings if the Fund performs poorly over the period you hold the policy.

If you surrender your policy in the first 5 years, you will incur charges. You may receive a lower payout if the government increases the income tax rate. You may have to pay tax on any gains you make on full or partial withdrawals.

You may receive a lower payout if our investment management fees and annual management charges are higher than we anticipate. This means there is a chance you could get back less than you invested.

Payouts in difficult market conditions

We will monitor the market at all times and will alter the mix within the Fund as necessary.

You may not receive annual bonuses if markets perform poorly but where you do, these will be included in the amount you get when you end your policy. We could, following a period of market weakness, apply a deduction called a Market Value Reduction. This will reduce the amount you will get on withdrawal, to give all investors a fair share of the with-profits fund. We won't apply a Market Value Reduction to payouts on death.

What happens if National Friendly is unable to pay out?

In the event that National Friendly is unable by reason of insolvency to pay what we owe, you have the protection of the Financial Services Compensation Scheme (FSCS). Insurance business is covered 100% with no upper limit.

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 charges. The figures assume you invest £10,000. The figures are estimates and may change in future.

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	If you cash in after	If you cash in at the
	1 year	3 years	end of 5 years
Total costs	£79	£188	£298
Impact on return (RIY) per year	0.79%	0.63%	0.61%

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 and 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. This includes the costs of distribution of your product.
	Exit costs	0.00%	The impact of the costs of cashing in your bond.
Ongoing costs	Portfolio transaction costs	0.57%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.04%	The impact of the costs that we take each year for managing and administering your investments.
Incidental Costs	Performance Fees	0.00%	The impact of the performance fee.
	Carried interests	0.00%	The impact of the carried interests.

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

Recommended holding period: 5 years

We have recommended a holding period of 5 years to avoid the surrender charge applied when any money is withdrawn, or the policy closed, during the first 5 years of the policy. You can, however, hold it as long as you want. You can withdraw some or all of your investment at any time, subject to a minimum withdrawal of £500. Unless you wish to terminate your policy you must leave a minimum of £2,500 invested after making each withdrawal.

If you withdraw money in the first 5 years, the amount withdrawn will be subject to a surrender charge. The charge is 5% in the first year, and reduces by 1% a year. There is no surrender charge after the first 5 years of the policy. Whenever you withdraw any money, the amount withdrawn may be subject to a 'market value reduction' if the value of the underlying investments is significantly less than the initial investment plus bonuses added to date.

Each year you can withdraw up to 5% of the amount invested without any immediate liability to income tax. Withdrawals over this amount on a cumulative basis will incur an immediate liability to income tax.

At the time you make the withdrawal, we will convert the value of your withdrawal into a percentage of the policy value. This percentage will then be used when calculating the surrender value of the With-Profits Bond in future.

How can I complain?

If you have a complaint, you can: call us on 0333 014 6244 8am-6pm Monday to Friday excluding bank holidays; or email us at complaints@nationalfriendly.co.uk; or write to us at: 11-12 Queen Square, Bristol BS1 4NT.

Other relevant information

Further information about the product is set out in the Your Policy Explained document. We are required to make certain information in that document available to you before you buy this product. In addition you can download it from our website or we can provide a printed copy by email or post at your request. You can also request a personalised illustration, both before you buy this product and at any time during this term. Please ask us for details.

We are required to send you the policy conditions of the product, which we do after you have purchased it. You can also request a copy before buying the product. If you want more detail on how we invest your money and manage the fund, please read our Principles and Practices of Financial Management document and/or our With-Profits Guide, both of which can be found on our website or obtained from us upon request.

Our contact details are on page 1 of this Key Information Document.