

# Sustainable Stocks and Shares ISA

## Single Premium

### 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

The name of this product is “**Sustainable Stocks and Shares Individual Savings Account**”. It is provided by The Shepherds Friendly Society Limited. Our website address, where you can find detailed information about us, is [www.shepherdsfriendly.co.uk](http://www.shepherdsfriendly.co.uk) and our telephone number is 0800 526 249. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was produced on 31<sup>st</sup> March 2021.

### What is this product?

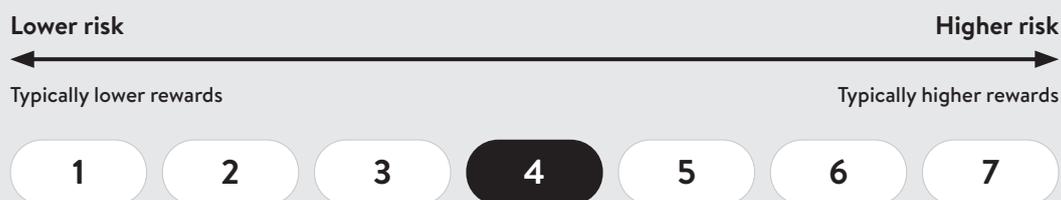
It is an insurance based Individual Savings Account (ISA) which invests in stocks and shares using the Society’s Sustainable Investments, which are held in our general pool of assets known as the With-Profits Fund.

The objective of this ISA is to provide you with a tax-free lump sum at the end of the investment period, by investing in a diverse range of asset classes, that are deemed to make a positive contribution to society. There is no minimum or maximum investment period but you should aim to invest for no less than five years. If you die a death benefit of 100% of your initial investment plus all bonuses which have been added plus any final bonus due, subject to a minimum of 101% of your initial investment will be paid. Any withdrawals made will be deducted. It invests your premiums in Sustainable Investments which are held in a general pool of assets known as the ‘With-Profits Fund’, which is invested in a mix of equities, government gilts, corporate bonds, property and cash. This spread of assets allows a diversified investment strategy to be pursued. The Society’s Board, acting upon the Actuary’s advice, decide annually how much of the achieved investment return should be distributed as bonuses to plan holders.

The plan is intended for investors who want to save tax-efficiently by paying either a single premium or regular premiums. The minimum monthly premium is £30 and the minimum single premium is £100. You can then save additional amounts up to the government’s ISA limit in each tax year. You must be aged over 18 to have this ISA.

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

Summary Risk Indicator (SRI)



The Summary Risk Indicator (SRI) assumes you keep the plan for five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The SRI is a guide to the level of risk of this product compared to other products, and aims to show you how likely it is that the product will lose money because of the movement in investment markets or because we are not able to pay you.

We have classified this plan as 4 out of 7 which is “medium”. This rates the risk of potential losses from future performance as moderate. In normal market conditions you are entitled on closing the ISA to receive the initial investment plus any bonuses added. On death, you would receive the same with a guaranteed minimum of 101% of the initial investment but any amount over this, and any additional return, depends on future market performance and is uncertain.

Each year the plan is in force we seek to add a bonus, and there may also be an additional final bonus on withdrawal, to smooth out investment return peaks and troughs. If our investment returns have been low, we may apply a Market Value Reduction (MVR).

An MVR is a method we use to ensure that members who continue to hold investments with us are not unfairly disadvantaged when other members leave. When we apply an MVR it may reduce the sum of money we pay you when you withdraw all or part of your investment with us. The MVR ensures that if some members do make a withdrawal, all members have a fair share of the Sustainable Investments, which may mean that you receive less than you expected.

If we are not able to pay you what is owed you may lose some or all your capital but you may benefit from a consumer protection scheme (please see the following section “What happens if Shepherds Friendly Society is unable to pay out”).

## Performance scenarios

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

| Investment Premium - £10,000 per annum<br>Insurance Premium - |                                     | 1 year  | 3 years | 5 years Recommended<br>Holding period |
|---|-------------------------------------|---------|---------|---------------------------------------|
| <b>Survival Scenarios</b>                                     |                                     |         |         |                                       |
| <b>Stress scenario</b>  | What you might get back after costs | £8,275  | £7,336  | £6,628                                |
|   | Average return each year            | -17.3%  | -9.8%   | -7.9%                                 |
| <b>Unfavourable scenario</b>                                  | What you might get back after costs | £9,277  | £9,370  | £9,633                                |
|   | Average return each year            | -7.2%   | -2.1%   | -0.7%                                 |
| <b>Moderate scenario</b>                                      | What you might get back after costs | £10,031 | £10,726 | £11,469                               |
|   | Average return each year            | 0.3%    | 2.4%    | 2.8%                                  |
| <b>Favourable scenario</b>                                    | What you might get back after costs | £10,843 | £12,275 | £13,652                               |
|   | Average return each year            | 8.4%    | 7.1%    | 6.4%                                  |
| <b>Death scenario</b>   |                                     |         |         |                                       |
| <b>Insured event</b>  | What you might get back after costs | £10,100 | £10,726 | £11,469                               |

This table shows the money you could get back over the next five years with an investment of £10,000, under different scenarios. These scenarios illustrate how your investment could perform, and you can compare them with the scenarios of different products. The scenarios shown are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you actually get back will vary depending on how the market performs, and how long you keep the product/investment. The stress scenario shows what you might get back in extreme market circumstances.

## What happens if Shepherds Friendly Society is unable to pay out?

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 - [www.fscs.org.uk](http://www.fscs.org.uk)

This product is categorised as a long - term investment and under the above compensation scheme that means you are covered for 100% of loss on this product through the FSCS should Shepherds Friendly Society default. The investments underlying this product are managed on behalf of Shepherds Friendly Society by a professional investment management firm, Royal London Asset Management, and they use custodians, HSBC Securities Services, in respect of investments purchased and held. These counterparties are not covered by a compensation scheme but were they to default, and this in turn caused Shepherds Friendly Society to default, then you would still be covered by the FSCS because your contract is with Shepherds Friendly Society.

## 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 at outset. The figures are estimates and may change in the future. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor.

### 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.

| Premium £10,000 per annum       | If you cash in after 1 year | If you cash in after 3 years | If you cash in after 5 years<br>- recommended holding period |
|---------------------------------|-----------------------------|------------------------------|--|
| Total costs                     | £450.47                     | £766.95                      | £1,105.35  |
| Impact on return (RIY) per year | 4.65%                       | 2.60%                        | 2.18%  |

### Table 2: Composition of costs

The table below shows:

- The impact each year of the different type of costs on the investment return you might get at the end of the recommended holding period
- What the different cost categories mean

| This table shows the impact on return per year |   |       |  |
|--|---|-------|--|
| <b>One-off costs</b>                           | Entry costs Impact on Return (RIY) per year                 | 0.64% | The impact of costs you pay when entering your investment.                               |
|  | Exit costs Impact on Return (RIY)                           | 0%    | The impact of costs of exiting your investment when is withdrawn.                        |
| <b>Ongoing costs</b>                           | Portfolio transaction costs Impact on Return (RIY) per year | 0%    | The impact of the costs of us buying and selling underlying investment from the product. |
|  | Other ongoing costs   | 1.54% | The impact of the costs that we take each year for managing your investment.             |
| <b>Incidental costs</b>                        | Performance/other costs                                     | 0%    | This product does not have any performance or other incidental fees.                     |

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

This is a medium to long term investment and we recommend holding it for 5 years. You can take out money early but if market conditions are stressed we may apply a Market Value Reduction charge which will be calculated at the time.

## How can I complain?

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, or by telephone or by email: The Compliance Officer, Shepherds Friendly Society, Haw Bank House, High St, Cheadle, Cheshire, SK8 1AL. Phone 0800 526 249. Email - [complaints@shepherdsfriendly.co.uk](mailto:complaints@shepherdsfriendly.co.uk) A full explanation of our approach to complaints handling can be found on our website at [www.shepherdsfriendly.co.uk/help-and-support](http://www.shepherdsfriendly.co.uk/help-and-support)

## Other relevant information

The tax treatment of the plan may change in the future. This could reduce the amount you receive when the plan is withdrawn or increase the personal tax you pay. Our regulators require us to make available to the public a Solvency and Financial Condition Report each year.

This can be found at [www.shepherdsfriendly.co.uk/about/reports-and-accounts](http://www.shepherdsfriendly.co.uk/about/reports-and-accounts)

Further information on our ISA is available at [www.shepherdsfriendly.co.uk/sustainable-stocks-and-shares-isa](http://www.shepherdsfriendly.co.uk/sustainable-stocks-and-shares-isa)



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Shepherds Friendly is a trading name of the Shepherds Friendly Society Limited which is an incorporated Friendly Society under the Friendly Societies Act. Registered No 240F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No 109997. The Head office and Registered office of The Shepherds Friendly Society is based in the United Kingdom.