

Key Information Document

This document provides you with key facts and figures about this investment plan. It isn't marketing material. The information here is required by law to help you understand the risks, costs, potential gains and losses of this product and to help you compare it with other products. You can also find out more about this plan in the Important Information Guide.

the full name of this product is the **Shepherds Friendly Investment Individual Savings Account (ISA)**. It's provided by The Shepherds Friendly Society Limited and from this point on we call it our ISA.

You can read more about us on our website at shepherdsfriendly.co.uk. Our phone number is **0800 526 249** – that's the number to call if you have any questions or need any help. The Financial Conduct Authority (FCA) oversees what we do, and that includes putting together this Key Information Document (KID), which is dated 7th May 2025.

What is this product?

Our ISA is a tax-free savings plan, which invests in our With-Profits Fund (which we'll just call the 'fund' for short).

The aim is to give you a tax-free lump sum at the end of your plan. You can invest for as long as you want, but you should aim for at least five years.

This ISA is suitable for anyone who wants to save tax efficiently. You can do this by paying in one or more lump sums, or you can pay in a regular amount each month. You can also do a mix of both if you prefer. Any money you take out will mean your plan is worth less. It's also possible that you will end up with less money than you put in.

Our ISA acts as life insurance too. please see **'What happens if you die'** below for more details.

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

Summary Risk Indicator (SRI)



This chart is a Summary Risk Indicator (SRI). It is a guide to the level of risk of our ISA compared to other products. We have rated the product as 3 out of 7. This means potential losses are at a medium to low level, and poor market conditions are unlikely to result in Shepherds Friendly struggling to pay you. It assumes you keep your plan for five years. If you decide to close it before then the actual risk level may differ. Closing your plan early may also make it more likely you get back less than you put in.

What might affect your investment?

If you choose to close your ISA while the market is growing steadily you will receive your investment plus any bonuses we've added. We may also pay a final bonus when you close your plan.

When the fund performs well in some years, we hold back some of these gains and use them to offset poor performance in other years. We call that smoothing – we may use it for all bonuses, including final ones. There may be less smoothing for payouts if you withdraw some of your money or close your ISA.

If your investment is doing very badly, we may apply a Market Value Reduction (MVR). There are details about this below, under **'What happens if I take out money when the fund is performing badly?'**

What happens if you die?

Your investment also acts as life insurance for you. It means that if you die while you have the ISA, we will pay your estate. We guarantee that we will never pay less than 101% of all investments into the plan. However, if you took out any money, then we'll reduce what we pay out by that amount.

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Performance information

We invest all the money our members pay into their ISA in our fund. The fund is a mix of investments known as assets. These include bonds, equities, property, commodities, derivatives and cash. A broad mix like this means we can follow a responsible investment strategy.

The fund's investments are distributed equally across three Royal London Funds: Multi Asset Strategies Fund (MAST), GMAP Balanced Fund (Balanced) and GMAP Growth Fund (Growth).

The three funds are actively managed and in combination aim to deliver stable growth in value and income over the medium term - meaning a period of three to five years. The Funds predominantly invest in shares and bonds.

The MAST Fund uses different investments to manage the ups and downs in the market, aiming for stable returns over the medium term.

The Balanced Fund has an equal weighting in low risk and income generating assets, such as cash and bonds, and investments that have potential for greater returns but come with a higher risk of losing capital, such as shares.

The Growth Fund has a higher weighting in investments that have potential for greater returns but come with a higher risk of losing capital, such as shares, and less exposure to lower risk assets.

The fund also invests in sales of our other plans, such as Income Protection and Over 50s Life Insurance plans. Any profits and losses from sales of these plans add to or take away from the value of the fund.

As a member, you share in the increase or decrease in the value of these investments in the fund over your plan's lifetime.

Each year, members of our Board decide how much of the investment return should go to members as bonuses. They make their decisions based on the advice of our Actuaries, who are responsible for managing risk and uncertainty.

The value of the fund can go up or down over time due to:

- Changes in the value of investments.
- The build-up of investment income (the profit earned from investments). This increases the value of the fund.
- The costs of running our business.
- Paying claims for our members on death, sickness, and withdrawal.
- The profits or losses in our other plans.

Taking money from your ISA will reduce the amount you get back as well. Inflation will also reduce what it's worth over time.

What else could make me get back more money?

We aim to increase what your plan is worth by adding quarterly and final bonuses.

Any unexpected good news is likely to increase these bonuses. For example, if investment returns are higher than we expect, or our expenses are lower.

What you might receive in bonuses is based on factors such as:

- How much you have paid in and when
- How well the fund has done over time
- The costs related to running our business

Why might I get back less than I put in?

The money you pay in is invested in stocks and shares. This means the value of your money can go up and down. If the financial market has been doing badly, you'll tend to get back less than you paid in.

What happens if I take out money when the fund is performing badly?

If you take out money from your plan when the fund is performing poorly, then you may get back less than what your plan is currently worth. It may also be less than the total amount you have paid in, after any money you have taken out. This is because we may apply a Market Value Reduction (MVR).

An MVR makes sure that other members don't lose out from people taking out some or all of their money while the fund is performing poorly. It makes sure everyone who has invested has a fair share of the With-Profits Fund.

We only apply an MVR when the market drops by a large amount and not for small everyday ups and downs. We don't apply an MVR to death claims.

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

It's very unlikely that we would be unable to pay out. However, to reassure you, we're part of the Financial Services Compensation Scheme (FSCS), so you would be covered for 100% of any losses with no upper limit. Further information is also available on their website at: [fscs.org.uk](https://www.fscs.org.uk)

The investments underlying this product are managed on our behalf by Royal London Asset Management (RLAM). They use custodians, HSBC Securities Services, to look after these investments bought and held. These businesses are not covered by a compensation scheme. However, if they couldn't pay out, and this in turn caused us to be unable to pay out, you would still be covered by the FSCS. That's because your contract is with us, not them.

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What are the costs?

The Reduction in Yield (RIY) is a term we use to explain what effect the total costs you pay could have on what you might get back. The tables below provide an example of this. They include any extra costs you might pay for cashing in early. These are just estimates and could change in the future.

The example below is for someone who invests £10,000 at the start. The figures shown include all the costs of the plan itself. However, it doesn't include any costs for financial advisers, if you choose to use one.

Table 1: Cost over time

The person selling you or advising you about this plan 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	If you wish to cash in after 1 year	If you wish to cash in after 3 years	If you cash in after 5 years - recommended holding period
Total costs	£150.26	£451.24	£752.94
Impact on return (RIY) per year	1.50%	1.50%	1.50%

Table 2: Different types of costs

This shows all the different costs and what effect they might have each year on the money you get back.

This table shows the impact on return per year			
One-off costs	Entry costs Impact on Return (RIY) per year	0.61%	The effect of costs you pay at the start of your investment.
	Exit costs Impact on Return (RIY)	0%	The effect of costs when closing and withdrawing your investment.
Ongoing costs	Other ongoing costs	1.47%	The effects of costs we take each year for looking after your investment.
Incidental costs	Performance costs	0%	There are no performance or any other costs.

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

This is a medium- to long-term investment and we recommend holding it for five years. However, you are free to take out some or all of your money before then.

As a mutual, we aim to be fair to all of our members. That means when you close your plan with us, we need to make sure that you do so with your fair share. To do this, we will work out the value of the investments that you hold within the fund.

How can I complain?

If you want to make a complaint, please contact us by letter, phone or email. Write to: The Compliance Officer, Shepherds Friendly Society, Haw Bank House, High Street, Cheadle, Cheshire SK8 1AL. Or phone: **0800 526 249**. Or email: complaints@shepherdsfriendly.co.uk

You can read about how we handle complaints on our website: shepherdsfriendly.co.uk/help-and-support

Our approach

For this investment, we follow our Principles and Practices of Financial Management (PPFM). You can read and download the full document on our website: shepherdsfriendly.co.uk/about/ppfm

Other relevant information

Tax laws could change in the future, and this could affect your plan. It might mean you get less when you take out your money. Or it might increase the personal tax you pay.

By law, each year we publish a Solvency and Financial Condition Report (SFCR), as well as our Annual Reports and Accounts. You can find these at: shepherdsfriendly.co.uk/about/reports-and-accounts

Further information on our ISA is also available at: shepherdsfriendly.co.uk/investments/isa/investment-isa