Shepherds Friendly®

Key Information Document

Stocks & Shares Junior Individual Savings Account

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 "**Stocks and Shares Junior Individual Savings Account (JISA)**" and it is provided by The Shepherds Friendly Society Limited. Our website address, where you can find detailed information about us, is shepherdsfriendly.co.uk and our telephone number is 0800 526 249. We are supervised by the Financial Conduct Authority (FCA) in respect of the production and delivery of this Key Information Document (KID). This KID was produced on 5th April 2024.

What is this product?

Type: Our Junior ISA is a government-backed tax-exempt savings plan, which invests our With-Profits Fund ('Fund').

Objective: Our Junior ISA aims to provide your child with a tax-free lump sum at the end of their plan. The investment period can last until the child is 18 years old, but you should aim to invest with our Society for at least five years.

Intended Retail Investor: The plan is suitable for parents or guardians who want to save tax-efficiently for their child by paying either a single lump sum or a monthly premium.

Insurance Benefits and Costs: Our Stocks and Shares Junior ISA has a life assurance contract and, in the unfortunate event of the early death of the child or the diagnosis of a terminal illness, we will pay out a minimum of 101% of the fund value.

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

Summary Risk Indicator (SRI)

Lower risk ← → **Higher risk**

Typically lower rewards — Typically higher rewards

1	2	**3**	4	5	6	7

⚠ This plan cannot be cashed in prior to the Child's 18th birthday.

The SRI is a guide to the level of risk of our Junior ISA compared to other products. It shows how likely it is that the plan will lose money because of the daily ups and downs in the market, or because we are unable to pay you.

If we are unable to pay you what is owed, you may lose some or all your investment, 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?").

We have classified this plan as 3 out of 7 which is "medium-low". This means that potential losses from future performance are at a medium to low level. If you choose to close your Junior ISA during a period of steady market growth, you will receive your investment plus any bonuses added. In the unfortunate event of the early death of the child or the diagnosis of a terminal illness, we will pay out the same, subject to the minimum guarantee as described in the section 'Insurance Benefits and Costs'.

We may add bonuses, and there may also be an additional final bonus upon closing the plan. The aim of a final bonus is to smooth the daily ups and downs in the value of the Fund's investments When the Fund performs well in some years, a portion of these gains is held back and can be used to support poor performance in other years. We will smooth payouts on maturity or death for plans of a similar type, size and term over different periods of time subject to the above guarantee. Payouts when you surrender at other times may be subject to less smoothing.

Following periods of poor investment performance or severely adverse market conditions, we may apply a Market Value Reduction (MVR).

Performance Information

All Junior ISA plan holders pay premiums, which can be monthly payments or single lump sums, which we invest into our Fund. Our Fund is a mix of equities, government gilts, corporate bonds, property, and cash. This mix of investments enables a responsible investment strategy. The Fund holds most of its investments in the Royal London Multi Asset Strategies Fund (MAST), which aims to achieve both an increase in value and income. MAST uses different investments to manage the daily ups and downs in the markets and maintain stability. MAST aims to provide a return of 4% more each year than the return that would be earned by investing in cash.

The Fund also invests in sales of our other plans, such as Income Protection and Over 50s Life Insurance plans. Any profit and losses from sales of these plans are added or deducted from the value of the Fund.

As a plan holder, the child shares in the increase or decrease in the value of these investments in the Fund over the plan's lifetime.

Members of our Board, after taking advice from our actuaries, decide how much of the achieved investment return should be distributed as bonuses to plan holders.

The value of the Fund changes over time due to:

- Movements in the value of investments, which may be positive or negative.
- The build-up of investment income (the profit earned from investments), which increases the value of the Fund.
- The costs of running our business, such as paying our people and running our Head Office.
- Paying claims for our members on death, sickness, and withdrawal.
- The profits or losses that are made in our other plans.

Inflation may affect the value of the child's investment in the future.

What could affect my return positively?

We aim to increase the current value of the plan by adding bonuses. Any positive performance that exceeds expectations made when the plan is sold is likely to have a positive impact on bonuses. For example, if investment returns are higher than expected, or our expenses are lower than expected. The level of bonuses the child might receive is based on factors such as:

- How much you have invested
- When you made the investment
- The Fund's performance over time
- The costs related to running our business

What could affect my return negatively?

As a significant proportion of the Fund is invested in stocks and shares, there are inevitably risks associated with the performance of financial markets. During periods of poor investment performance, the child may get back less than the current value of the plan.

Payouts in severely adverse market conditions

If you close the plan when the Fund is performing poorly, then the child may get back less than the current value of the plan (and this may be less than the total amount you have paid in). This is because we may apply an 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 during times when the Fund is performing poorly. 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 With-Profits Fund, which may mean that the child receives less than you expected.

MVRs are determined by reference to the size of a fall in the value of the Fund. Small adverse movements in the Fund's assets will not normally mean we need to apply an MVR. MVRs are not applied to maturity or death claims.

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

Our Stocks and Shares Junior ISA is classed as a medium to long-term investment and you are covered for 100% of loss on the value of the plan through the FSCS, should our Society be unable to pay out. The investments underlying this product are managed on our behalf by a professional investment management firm, Royal London Asset Management (RLAM), 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 unable to pay out, and this in turn caused us to be unable to pay out, 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 the child might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the collective costs of the plan itself, for three different holding periods. They include potential early exit penalties. The example below assumes you invest £10,000 at the start. These are estimates and may change in the future. The figures shown include all the costs of the plan 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 9 years	If you cash in at the recommended period of 18 years
Total costs Impact on return (RIY) per year	£150.26 1.50%	£1,358.53 1.50%	£2,731.78 1.50%

Table 2: Composition of costs

The table below shows:

- The impact each year of the different type of costs on the investment return the child might get at plan maturity.
- What the different cost categories mean.

This table shows the impact on return per year			
One-off costs	Entry costs Impact on Return (RIY) per year	0%	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 it matures.
Ongoing costs	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	1.50%	The impact of the costs that we take each year for managing your investment.
Incidental costs	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?

You will have to keep the plan until the child is 18 years of age. You cannot take out money early and if you stop paying into the Junior ISA, the funds cannot be released until the child is 18 years of age. If you decide to transfer the Junior ISA to another provider during periods of poor investment performance, we may apply an MVR charge which will be calculated at the time. An MVR will never be charged if the child dies or if the child takes the proceeds within three months of their 18th birthday and the plan has been running for more than five years.

Please note: If there is any contradiction between the commentary in this document and that contained in the policy conditions and our Principles and Practices of Financial Management (PPFM), then the policy conditions and PPFM always apply. You can read and download the full document on our website www.shepherdsfriendly.co.uk/about/ppfm

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, 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 A full explanation of our approach to complaints handling can be found on our website at 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 and the Annual Reports and Accounts each year. This can be found at www.shepherdsfriendly.co.uk/about/reports-and-accounts

Further information on our Junior ISA is available at www.shepherdsfriendly.co.uk/junior-isa