

Key Information Document

Investment ISA (Regular 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 the '**Investment ISA**'. It is provided by Sheffield Mutual Friendly Society. Our website address, where you can find detailed information about us, is www.sheffieldmutual.com and our telephone number is 01226 741000. 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 **15th July 2021**.

What is this product?

Type: It is an insurance based Individual Savings Account (ISA) which invests in stocks and shares and other investment assets via a with-profits pooled fund.

The with-profits fund invests in a mix of commercial property, equities, government gilts, corporate bonds and cash. This spread of assets allows a cautious investment strategy to be pursued. The Board of Directors, acting upon the Actuary's advice, decides annually how much of the achieved investment return should be distributed as bonuses to plan holders. Bonuses are not guaranteed. We can terminate the plan in circumstances where you have not invested at least £30 per month for 12 months for a regular premium ISA. The minimum monthly premium is £30. You can then save additional amounts of no less than £100 up to the Government's ISA limit in each tax year.

Objectives: The objective of this ISA is to provide you with a tax-free lump sum at the end of the investment period. There is no minimum or maximum investment period but you should aim to invest for not less than 3 years but ideally for 5 years or longer.

Intended retail investor: This product is targeted at individuals aged 18 or over who want to save or invest for a minimum of three years, and ideally for five years or longer, in a product which has tax advantages under current legislation.

Insurance benefits and costs: If you die then a death benefit of 101% of the value of your ISA, at the date of death, will be paid. The costs can be found below in the section "What are the costs?".

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

Summary Risk Indicator (SRI)



Lower risk ← → Higher risk

The Summary Risk Indicator assumes you keep the plan for 5 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 3 out of 7 which is "medium low". This rates potential losses from future performance as unlikely.

Each year the plan is in force we seek to add a bonus, and there may also be an additional final bonus on maturity, to smooth out investment return peaks and troughs. If certain stressed market conditions exist then a Market Value Reduction (MVR) may be applied on encashment. An MVR is a reduction in the value of your plan. It is caused by stressed market conditions causing worse than expected investment returns at the point in time when you may wish to encash the plan. It may be applied to protect other policyholders in the Fund who have decided not to encash their plan.

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 later section "What happens if Sheffield Mutual Friendly Society is unable to pay out?").

Performance scenarios

Investment £1,000 per annum If you encash after...		1 year	3 years	5 years Recommended Holding Period
Survival Scenarios				
Stress	What might you get back after costs	£736	£2,671	£4,328
	Average return each year	-26.4%	-5.7%	-4.8%
Unfavourable	What might you get back after costs	£976	£2,997	£5,100
	Average return each year	-2.4%	-0.1%	0.7%
Moderate	What might you get back after costs	£1,032	£3,195	£5,498
	Average return each year	3.2%	3.2%	3.2%
Favourable	What might you get back after costs	£1,089	£3,406	£5,927
	Average return each year	8.9%	6.5%	5.7%
Accumulated Investment amount		£1,000	£3,000	£5,000
Death scenario				
What your beneficiaries might get back after costs		£1,043	£3,227	£5,553

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest £1,000 per year. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances.

What happens if Sheffield Mutual 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 or by clicking on the "FSCS protected" link on our website footer.

This product is categorised as a long-term insurance policy and under the above compensation scheme eligible claims may be covered for up to 100% should Sheffield Mutual Friendly Society default. 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 you would 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.

What are the costs?

Table 1: Cost over time

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 £1,000 per year. 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.

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 £1,000 per annum If you cash in after... Scenarios	1 year	3 years	5 years (at the Recommended Holding Period)
Total costs	£15.48	£94.86	£242.25
Impact on Return (RIY) each year	1.5%	1.5%	1.5%

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;
- the meaning of the different cost categories.

This table shows the impact on return each year			
One-off costs	Entry costs	0.0%	The impact of the costs you pay when entering into your investment.
	Exit costs	0.0%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.0%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.5%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance/other costs	0.0%	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 not less than 3 years but ideally for 5 years or longer. You can take out money early, subject to a minimum withdrawal of £250, 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 to: The Chief Executive, Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business 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 our website at www.sheffieldmutual.com/how-to-make-a-complaint.

Other relevant information

Your personal illustration: This document provides performance scenarios in a standardised format. Sheffield Mutual Friendly Society will also provide a personal illustration (quote) more tailored to your requirements than the standard examples within this document. The personal illustration, which is neither better nor more accurate than the standardised performance scenarios in this document, is prepared using different methodologies and assumptions, so cannot be compared.

Cancellation rights: After your proposal is accepted you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind, and you will be returned any money you have paid, free of any charges.

Law: In legal disputes the Law of England will apply.

Legislation: All or any of the benefits, the premiums, or the policy conditions may be adjusted as deemed appropriate:

- If there is any change in law or taxation affecting the policy
- If any levy is imposed on the Society under statute or statutory authority
- As a consequence of any amendment to general laws

Notice would be given of any such adjustments.

Sheffield Mutual Friendly Society Limited: Was founded in 1892 and is an incorporated registered friendly society based in the UK. This document should be read in conjunction with the product brochure. Further details are contained in the policy document which is the legally binding contract between you and Sheffield Mutual Friendly Society.

Solvency II Directive: We are required to provide you with easy access to a Solvency and Financial Condition Report and you can obtain this via our website at <http://www.sheffieldmutual.com/corporate> or by calling 01226 741000.

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 a registered friendly society (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).