

April 2024

# Key Features and Terms and Conditions of the Stocks and Shares ISA

This document should be read in conjunction with an up-to-date Key Investor Information Document (KIID) for each fund in which you want to invest.

You should read both documents carefully so that you understand and are comfortable with what you are buying, and then keep them safe for future reference.

You should always ensure that you have up-to-date copies of both documents before you invest.

These key features apply to the tax year 2024/2025.

**No advice has been given by Scottish Friendly in respect of this plan.**

**We have not assessed whether this ISA is suitable for your financial needs and therefore you will not benefit from the protection of the Financial Conduct Authority (FCA) rules on assessing suitability. If you are in any doubt about the suitability of this product for yourself, you should contact your financial adviser.**

# Helping you decide

## What is the purpose of this document?

The Financial Conduct Authority is a financial services regulator. It requires us, Scottish Friendly, to give you this important information to help you to decide whether our Stocks and Shares ISA is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

## What questions should I ask before I invest?

In this document we have given you the answers to some important questions. You'll find these on the following pages 3-6 and page 8.

## What should I do now?

Please read the:

- Key Features of the Stocks and Shares ISA.
- Terms and Conditions on pages 10 to 15. These are the Terms and Conditions upon which we will rely. If you have any questions about these, please ask us.
- Scottish Friendly UK Growth Fund and Managed Growth Key Investor Information Document.

Please keep this with your investment documentation which we will send you.

# Key Features of the Stocks and Shares ISA

## Its aims

- To help your investments grow tax-efficiently.
- To provide potential growth on your investment over the medium to long term.

## Your investment

- If you take out a Stocks and Shares ISA, you can invest up to £20,000 in the current tax year, less any amounts subscribed to a Cash ISA, Innovative Finance ISA and/or a Lifetime ISA with another ISA manager. Scottish Friendly only offers investment into a Stocks and Shares ISA.
- You can invest monthly by Direct Debit or you can make a lump sum payment by cheque or both. The minimum monthly payment is £25 and the minimum lump sum cheque is £500.
- Your money buys shares in the Scottish Friendly UK Growth Fund or the Scottish Friendly Managed Growth Fund, both sub-funds of an Open-Ended Investment Company (OEIC) called Scottish Friendly Investment Funds.
- The UK Growth Fund invests in a wide range of UK shares. A proportion may also be held in cash.
- The Managed Growth Fund invests in equities and fixed interest securities both in the UK and other international stock markets. Fixed interest securities may comprise government securities such as gilts or corporate bonds and these may be denominated in sterling and other foreign currencies. The use of derivatives, stock lending or borrowing may also take place when deemed appropriate to achieve the objectives of the fund.
- Your money is pooled together with other OEIC investors giving a combined purchasing power that means your risk is spread across a wide portfolio of investments.
- The fund accumulates any income from the investment and this is reflected in the daily share price.

- You have access to your money at all times although you should expect to leave your money invested for at least 5 to 10 years.

## Risks

- The value of your investment, and the income it earns, can go down as well as up and you could get back less than you put in. The value of your investment is not guaranteed.
- If you're investing regularly for a particular purpose, you may not achieve your target if you do not keep up your payments.
- The tax treatment of ISAs depends on your individual circumstances and tax law may change in future. This may reduce the amount you get back or increase the amount of tax you pay.
- As the two funds available are actively managed, these funds contain a greater degree of risk than a fund that simply tracks the stock market and will depend on the manager's ability to select stocks and shares that can grow.
- The Managed Growth Fund is exposed to and can hold currencies other than sterling. As a result, exchange rate movements may affect your investment as well as price movements.
- There are no cancellation rights for this investment.
- In some circumstances, for example if the fund is experiencing significant buying or selling, the financial interests of existing investors may be protected by the charging of a dilution levy when shares are bought or sold. See page 5 for more details.
- Details of all the risks are available within the full prospectus which is available on request.

## Questions and answers

### Who can apply?

You are eligible to apply if you are aged 18 or over and a UK resident.

### Is this investment right for me?

You should consider this investment if you want to make regular payments or a lump sum payment into an investment where its performance is linked to UK stocks and shares and you are prepared to keep your money invested for at least five to ten years. The funds we offer are designed for those who prefer funds that are actively managed, rather than a tracker approach. If you are in any doubt about the suitability of this investment for yourself, you should contact a financial adviser.

### What is an ISA?

ISA stands for Individual Savings Account. An ISA allows your savings or investment to grow tax-efficiently. Under the tax-efficient ISA umbrella you can currently invest in one or more of the following types:

- Cash ISA – allows you to save tax efficiently in cash (not offered by Scottish Friendly).
- Innovative Finance ISA – allows you to lend to others without paying tax on the interest you earn (not offered by Scottish Friendly).
- Lifetime ISA - enables you to invest with a Government Bonus of 25% of your investment but with penalties for access before the age of 60 or for other than buying your first house under £450,000 (not offered by Scottish Friendly).
- Stocks and Shares ISA – also known as an Investment ISA.

### What are the tax advantages?

An ISA is a savings or investment plan where your ISA proceeds are free from UK income tax and capital gains tax. However, the fund in which you invest receives UK dividend income net of corporation tax. The tax treatment depends on your individual circumstances and the levels and basis of taxation may change in the future.

### Is my Stocks & Shares ISA a flexible ISA?

Scottish Friendly does not offer a flexible ISA. A flexible ISA is one that enables you to reinvest any withdrawals you have made from your ISA in any tax year without it counting towards your total contributions in that tax year.

### How much can I invest in an ISA?

In accordance with Regulations, you are entitled to subscribe to multiple ISAs of the same type, with the exception of Lifetime ISA, within the tax year. All subscriptions must remain within the overall ISA limit of £20,000.

### What types of ISA does Scottish Friendly offer?

Scottish Friendly offers a Stocks and Shares ISA with a choice of investment into either our OEIC or With-Profits fund. These Key Features relate specifically to investment into the UK Growth Fund and Managed Growth Fund which are two of our OEIC Funds. If you're interested in a with-profits ISA investment, please visit our website or call us on 0333 323 5433.

### Who can invest in an ISA?

Stocks and Shares ISAs are available to anyone who wishes to invest tax-free so long as they are resident in the UK and over age 18. If you satisfy these conditions and are interested in taking out an ISA, you should think carefully about what type of ISA you require. In particular, you should be aware of the risks associated with stock market-based ISA investments. If in any doubt, refer to the appropriate Key Features and consult your financial adviser.

### How can I pay?

You can make single payments by cheque or monthly payments by Direct Debit. The minimum monthly investment is £25 and the minimum lump sum investment is £500. If you are investing a single payment, your application should be returned directly with your cheque. If you wish to invest monthly,

complete and return the Direct Debit on the application form. Top-up contributions during the tax year should be made in writing accompanied with a cheque.

### Where will you invest my money?

Your money buys shares in the Scottish Friendly UK Growth Fund or the Scottish Friendly Managed Growth Fund where it is pooled with other investors to buy shares in carefully selected companies as well as some Government-backed fixed interest securities. Because your money is spread over so many companies, the risk of it being affected by a single underperforming share is reduced.

Investment in fixed interest securities also provides additional security for your investment in times of stock market volatility. Your shares are held in the name of Scottish Friendly as nominee.

The Managed Growth Fund launched 31 May 1999. The UK Growth Fund was launched on 21 May 2001. The base currency of these funds is Sterling. These funds are sub-funds of Scottish Friendly Investment Funds (the 'Company'). The Company is an investment company with variable capital incorporated under the OEIC regulations. This company is incorporated in Scotland. Both funds are managed by SVM Asset Managers based in Edinburgh and founded in 1990.

### Can I change my monthly payments?

Yes. You can increase, decrease or stop your payments at any time without penalty. Just let us know in writing if you wish to alter your monthly payment and we will do the rest.

### What happens to my Stocks and Shares ISA if I die?

The full value of your shares in the Scottish Friendly UK Growth Fund and/or Managed Growth Fund will be paid to your estate. The tax advantages of a Scottish Friendly ISA can be transferred to your Spouse or Civil Partner. This allowance is the value of a Scottish Friendly ISA at the date of your death, and is in addition to your Spouse or Civil Partner's own ISA allowance.

## What could my Stocks and Shares ISA savings be worth in the future?

The illustrations below give you an idea of how much your investment could be worth in the years ahead. However, there is no guarantee of your investment's value, as the final amount will depend on how much you invest and the actual rate at which your investment grows.

### A. Regular monthly payments

If you invest a monthly payment of £50 for 10 years, the table below shows how much your investment would be worth, after charges, if it performs each year by:

	2%	5%	8%
End of year 1	£577	£586	£595
End of year 2	£1,150	£1,190	£1,220
End of year 3	£1,730	£1,810	£1,900
End of year 4	£2,320	£2,460	£2,610
End of year 5	£2,900	£3,130	£3,370
End of year 10	£5,870	£6,830	£7,960

### B. Lump sum investment

If you invest a single payment of £3,000 for 10 years, the table below shows how much your investment would be worth, after charges, if it grows each year by:

	2%	5%	8%
End of year 1	£2,890	£2,970	£3,060
End of year 2	£2,900	£3,070	£3,250
End of year 3	£2,910	£3,170	£3,460
End of year 4	£2,920	£3,280	£3,670
End of year 5	£2,930	£3,390	£3,910
End of year 10	£2,990	£4,000	£5,310

For both the regular monthly payments and lump sum investment examples shown on the previous page, please note:

- These figures are only examples and are not guaranteed - they are not minimum or maximum amounts. What you will get back depends on how your investment grows and the tax treatment of your investment. Tax treatment can change in the future.
- You could get back more or less than this.
- These yearly growth rates are our reasonable estimate of what our investments returns could be but are subject to the maximum rates specified by the Financial Conduct Authority.
- Scottish Friendly's actual charges have been deducted in calculating the figures shown.
- Do not forget that inflation will reduce what you can buy with the value of your ISA in the future.

### **What documentation will I receive?**

We will send you a statement confirming your investment. We will also send you a valuation of your investment twice a year. Your report will show the activity that has taken place since your previous statement and include the number of shares you own. A copy of the fund's prospectus is available on request.

### **How will charges and expenses affect my investment?**

There is an initial charge of 4% on each investment.

A management charge of 1% a year of the fund value is taken into account in the daily calculation of the Fund share price.

In addition, a number of other fees are payable out of the fund. These include audit, custody, regulator's and depository fees. The actual charges will vary from year to year and also differ between the UK Managed Fund and the Managed Growth Fund. The estimated effect of these fees as at 31 December 2021 was 0.54% per annum for the UK Managed Fund and 0.47% per annum for the Managed Growth Fund, allowing for tax relief, which is also taken into account in the daily calculation of the share price of the fund.

We have taken account of all these charges in the figures shown in these examples. They could increase in the future if our costs increase more than expected.

The net asset value of a fund is determined from the value midway between the buying and selling prices of the fund's underlying assets. This mid-price does not fully reflect the actual prices the fund must pay or receive to buy or sell assets, and so purchases or sales of assets cause the value to be reduced for continuing investors.

In certain circumstances, the Funds may also charge what is known as the dilution levy. Where the funds experiences unusually high levels of buying and selling, this will increase the Fund's dealing costs. This is known as dilution. In order to prevent this effect and protect the interests of the majority of investors, the Authorised Corporate Director has the power to charge a dilution levy in certain instances when shares are bought and sold.

The Authorised Corporate Director will not normally impose a dilution levy in respect of any deal either (a) below 3% of the size of the fund, or (b) unless redemptions or sales exceed 5% of the size of the fund on any dealing day. This dilution levy is up to 1% of the price of a share.

## A. Regular Monthly Payments

The effect of these charges on your monthly payment of £50, assuming an average rate of growth of 5% a year, is set out below:

At the end of year	Investment to date £	Actual deductions to date £	Effect of deductions to date £	What you might get back £
1	600	29	29	586
3	1,800	118	123	1,810
5	3,000	248	268	3,130
10	6,000	771	915	6,830

- The last line in the table shows that if you withdraw your investments after 10 years, the effect of the total charges and expenses could amount to £915.
- Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 2.5% a year.

## B. Lump Sum Investment

The effect of these charges on your single payment of £3,000, assuming an average rate of growth of 5% a year, is set out below:

At the end of year	Investment to date £	Actual deductions to date £	Effect of deductions to date £	What you might get back £
1	3,000	167	173	2,970
3	3,000	266	293	3,170
5	3,000	373	431	3,390
10	3,000	671	880	4,000

- The last line in the table shows that if you withdraw your investment after 10 years, the effect of the total charges and expenses could amount to £880.
- Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 2.9% a year.

## Further information

### Share Prices

The price of shares is calculated every business day by dividing the total value of the assets of the relevant fund by the number of shares in existence. Share prices are quoted daily in the Financial Times and The Herald and on our website: [www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)

We will buy or sell shares for you at the next 12 noon valuation following receipt of your instructions. This is known as forward pricing.

### Cancellation rights

There are no cancellation rights available under this plan.

### Investment income

Any investment income earned is automatically reinvested. Tax reclaimed on this income is also reinvested on your behalf.

### Withdrawals

You may make a withdrawal by writing to us. The minimum withdrawal is £50. If the value remaining after a withdrawal is less than £300 then you will be considered to have terminated your Stocks and Shares ISA/OEIC and the remaining value will be paid out to you. Withdrawals will be met by selling shares in the fund, at the next 12 noon valuation following receipt of your instructions. Payments will be made within 4 working days of your shares being sold. Any sums due to us may be deducted from the withdrawal amount.

Where you make a withdrawal in any tax year, your annual allowance will not be affected. This means if you reinvest a withdrawal in the same tax year, it will count as a new subscription in that tax year.

### Switching

If you wish to switch your investment to a different Scottish Friendly OEIC fund (contact us or visit our website for details of these), simply let us know in writing.

We normally switch shares between funds on the first pricing day after we receive your instructions.

The first switch in anyone calendar year is free, thereafter subsequent switches will attract a levy of up to 3% of the shares being exchanged.

### Transfer out

At your written request, we will transfer your ISA investment to another ISA Manager without the loss of tax relief in line with current ISA rules. Transfer payments will be met by selling shares in the fund, at the next valuation point following receipt of completed written instructions from your new ISA Manager. We will then pay the proceeds to the new manager within 4 working days.

### Taxation

Any income and capital gains generated from investments in a Stocks and Shares ISA are free of UK income tax and capital gains tax. Income allocations will be in the form of interest or dividend distributions. Interest distributions are received net of a 10% Income Tax credit.

The above is based on Scottish Friendly's understanding of current tax law and practice. The level and basis of taxation may change in the future and may reduce the amount you get back or increase the amount of tax you pay. The regime of taxation of any gains received by an investor depends on tax law applicable to their individual circumstances.

If an investor is unclear about his/her position, he/she should seek professional advice.



### **Money Laundering Regulations 2019**

Under these regulations, there is a requirement to prove the identity of people who wish to take out a life, pension or investment contract. You may therefore be asked to supply documents as evidence of your identity and/or your address.

### **Solvency II Directive information**

Under this directive, we are required to provide you with a Solvency and Financial Condition Report which you can access via our website [www.scottishfriendly.co.uk/about-us/solvency-two](http://www.scottishfriendly.co.uk/about-us/solvency-two)

### **What happens if Scottish Friendly becomes insolvent?**

If you buy a Scottish Friendly Stocks and Shares ISA and we cannot pay the full amount due, you may be entitled to compensation under the Financial Services Compensation Scheme. The first £85,000 of a claim in relation to the plan value is protected in full.

You can get further information from the Financial Services Compensation Scheme at: Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.  
Tel 0800 678 1100\*.  
Website - [www.fscs.org.uk](http://www.fscs.org.uk)

\*Free from a UK landline.

## How to contact us

Here are our contact details if you have any queries or require any further information, including the full Prospectus and Accounts:

Scottish Friendly Asset Managers Limited,  
Galbraith House, 16 Blythswood Square,  
Glasgow G2 4HJ.

Tel: 0333 323 54 33.

If you would like to receive this Key Features document in large print or braille please contact us on the details shown above.

### Your client category

We are required to categorise our clients and this determines the level of detail and information that you will receive. We will treat you as a 'Retail Client' in respect of the services we will provide you, which means that you will benefit from the highest level of consumer protection.

### How to complain

If you wish to complain about any aspect of the service you have received, please contact us. Details can be found in the 'How to contact us' section. If you are not satisfied with our response to your complaint, you can contact the Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR. Tel: 0800 023 4567 (free from a UK landline) or 0300 123 9123. Calls cost no more than calls to numbers starting with 01 or 02 and if you are calling from a mobile phone, calls will count towards any inclusive minutes you have rather than being charged separately. Website: [www.financial-ombudsman.org.uk/](http://www.financial-ombudsman.org.uk/)

Making a complaint won't affect your legal rights.

### Authorised Corporate Director

The Authorised Corporate Director of the Scottish Friendly Investment Funds OEIC is Scottish Friendly Asset Managers Limited, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ. The Scottish Friendly OEIC is incorporated in the United Kingdom.

### Depository

The Depository of the Scottish Friendly Investment Funds OEIC is J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London, E14 5JP.

### Language and law

The contractual terms and conditions and all communications in relation to this plan will be supplied in English.

In legal disputes, the law of Scotland will apply.

### Auditors

Deloitte LLP, 110 Queen Street,  
Glasgow, G1 3BX.

### Supervisory Authority

The Financial Conduct Authority,  
12 Endeavour Square, London E20 1JN.

# The Stocks and Shares ISA Terms and Conditions

These Terms, together with the Application Form, form a legal agreement between you and Scottish Friendly Asset Managers Limited (the Account Manager) which sets out how your Individual Savings Account or OEIC Investment will be operated. These are the Terms and Conditions upon which we will rely. If you have any questions about these, please ask us.

## 1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

**Accounts or ISA** – a Scottish Friendly Individual Savings Account governed by these Terms and which is a Stocks and Shares ISA;

**Account investments** – Shares, Units and any other investments held in an Account;

**Account Manager or Scottish Friendly** – Scottish Friendly Asset Managers Limited;

**Application Form** – a Scottish Friendly ISA or UK Growth Fund or Managed Growth Fund OEIC Investment application form or transfer application form;

**Assets** – investments, income, interest, cash deposits and any other rights and entitlement from time to time held within your Account;

**Associate** – any holding company of the Account Manager or a subsidiary of any such holding company (as defined in the Companies Act 1985);

**Bank** – the Governor and Company of Lloyds Banking Group plc, housing its head office at The Mount, Edinburgh, EH1 1YZ, incorporated in Scotland with registered number 95000;

**Business day** – any day except a Saturday, Sunday, a Bank Holiday in England and other days at the ACD's discretion;

**Cash ISA** – a Cash Individual Savings Account managed under the regulations;

**Civil Partner** – an Individual's partner in a civil partnership;

**Client Account** – a bank account held by us with the Bank under the Client Money Regulations;

**FCA** – the Financial Conduct Authority;

**Innovative Finance ISA** – an Innovative Finance Individual Savings Account managed under the regulations;

**ISA** – an Individual Savings Account managed under the Regulations;

**Lifetime ISA** – a Lifetime Individual Savings Account managed under the Regulations;

**OEIC Shares** – shares in a Scottish Friendly OEIC which may be held in an Account;

**Regulations** – the Individual Savings Account Regulations 1998, as from time to time amended and in force;

**Scottish Friendly OEIC** – an Open-Ended Investment Company operated by the Account Manager (and, in the case of an umbrella company, a sub-fund of such company);

**Society** – Scottish Friendly Assurance Society Limited, the parent company of the Account Manager;

**Spouse** – an individual's partner in marriage;

**Subscription** – a payment, in sterling, to be applied to your Account from your own resources;

**Terms** – these Terms (as amended from time to time), together with the Application Form;

**We, us and our** – the Account Manager, Scottish Friendly Asset Managers Limited;

**Year** – a tax year beginning on 6 April in any calendar year and ending on 5 April in the following year;

**You and your** – an individual who has opened an Account under these Terms. These Terms will be governed by and construed in accordance with Scottish law.

Reference to any statutory provision or regulation includes any modification or re-enactment.

Any headings and subheadings are not a legally binding part of these Terms.

Where appropriate, the words in the singular will include the plural, and the masculine will include the feminine.

## 2. Account Manager

- A.** Scottish Friendly Asset Managers Limited agrees to act as Account Manager for your Account. We do not review your portfolio and we do not give advice about your Account. We are regulated by FCA in the conduct of our investment business.
- B.** Our address is Scottish Friendly Asset Managers Limited, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ.
- C.** We may assign to any appropriate Associate all of its benefits and obligations under these Terms.  
You will be notified of any such assignment.
- D.** We may appoint any person (whether or not an Associate) to advise on or perform any of its functions or responsibilities under these Terms and may provide information about you and your Account to any such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.
- E.** We may amend these Terms by writing to you. Any amendments will comply with the Regulations, principles and the rules of the FCA in particular the principles of Treating Customers Fairly. You will receive at least 3 months' notice of any change with an explanation of why the change is necessary and its potential impact on you. You will also be reminded of your right to transfer or end your policy before the change is implemented.

## 3. Application to Open an Account

- A.** An application to open an Account must be made in writing on an Application Form. Subject to the Regulations, your Account will be managed in accordance with your directions set out in your Application Form and any subsequent instruction provided by you.
- B.** These Terms will come into force when your Application Form is accepted by us, and your first investment is made.

On acceptance, each new Account will be designated by us as either a Stocks and Shares ISA or a UK Growth Fund or Managed Growth Fund OEIC Investment outside an ISA. You can only subscribe to one Stocks and Shares ISA in any one tax year. We reserve the right to reject any application.

- C.** All payments into your ISA must be from your own funds, and we reserve the right to satisfy ourselves of this.
- D.** You may invest one or more lump sums in your Account during the Year. In addition, or alternatively, when provided in the Application Form you may make regular contributions by Direct Debit under a monthly investment plan. You must submit with your Application Form a cheque for the full amount of your initial subscription (in the case of a lump sum investment) and/or a Direct Debit Instruction to a Bank or Building society in your own name (in the case of regular contributions).
- E.** You will be sent an acknowledgement when you make a lump sum contribution or set up a monthly investment plan. This will be sent to you on the day following your application being received by us.
- F.** Your application covers the current Year and each subsequent Year until we receive no Subscription for one full Year.

## 4. Minimum Subscription

### A. Lump Sums

The minimum initial investment is as specified in the Application Form. Additional lump sum contributions are subject to the minimum specified in the Application Form.

### B. Monthly Investment Plans

The minimum monthly contribution is as specified in the Application Form, and we may terminate your investment plan by giving you one month's notice if the total amount invested during a Year is less than £300. Monthly Direct Debits will normally be collected on the 6th of each month and invested by us on the next dealing day for contributions under investment plans. If your application and Direct Debit instructions are received on or before the 24th of the month, your first monthly

payment will be collected by Direct Debit on the 6th of the following month, otherwise it will be collected on the 6th of the month after next.

- C. We reserve the right to reduce or waive the minimum subscription.

### Direct Debit Guarantee



This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits. If there are any changes to the amount, date or frequency of your Direct Debit Scottish Friendly will notify you 5 working days in advance of your account being debited or as otherwise agreed. If you request Scottish Friendly to collect a payment, confirmation of the amount and date will be given to you at the time of the request. If an error is made in the payment of your Direct Debit, by Scottish Friendly or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society. If you receive a refund you are not entitled to, you must pay it back when Scottish Friendly asks you to. You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required.

Please also notify us.

### 5. Maximum Subscription

The maximum you can invest in a Stocks and Shares ISA in any Year is £20,000 minus anything you have paid into a Cash ISA, Innovative Finance ISA and/or a Lifetime ISA in that Year.

### 6. Cancellation

There are no cancellation rights available under this plan.

### 7. Investment Objective

The investment objective of your Account will correspond to the qualifying investments specified in your Application Form.

### 8. Account Investments

- A. Your Account includes your Account Investments and any cash balances, all income and other rights, and the

benefit of any tax relief in respect of such investments.

- B. Your cash contributions and any other cash held under your Account will be deposited, pending investment. If this takes longer than one business day we segregate all Client Account money from our funds and hold it with the Bank. No interest will be paid on cash held pending investment. In the event of the Bank becoming insolvent or unable to make its payments to us your money may be at risk although you may be entitled to compensation up to the Financial Services Compensation Scheme limit of £85,000.
- C. We will automatically reinvest all income in respect of Account investments net of any tax liability.

### 9. Title

- A. The Account Investments will be beneficially owned by you at all times.
- B. OEIC Shares in the ISA will be registered either in the name of a nominee of the Account Manager (which may be an Associate) or jointly in the name of such a nominee and in your name.
- C. No OEIC share certificates will be issued to you. We (or a nominee, which may be an Associate) will hold any title documents or documents evidencing title to the Account Investments.
- D. We will not lend Account Investments or the title documents to a third party and will not borrow against the security of Account Investments or such documents.

### 10. Taxation

We will make all necessary claims for tax relief relating to your Account. However, the fund in which you invest in receives UK dividend income net of Corporation Tax.

### 11. Statements

We will send you a statement every 6 months, showing the value of your ISA or OEIC investment and details of all transactions in your Account since the previous statement. The statements will not include a measure of performance. We may produce a

consolidated statement if you have more than one Account.

## 12. Reports and Voting

- A. If you so request, we will arrange for you to receive copies of the annual reports and accounts available to investors in any Scottish Friendly OEIC in which your Account is invested. We reserve the right to debit your Account with our standard charge for making such arrangements (currently £20 per communication with you), however if you have invested in the OEIC outside the ISA, these will be made available free of charge.
- B. Subject to any applicable law or regulation and if you so request, we will arrange for you to be able to attend any meetings of direct investors in any Scottish Friendly OEIC in which your Account is invested, to exercise voting rights, and to receive, in addition to the documents referred to in paragraph A above, any other information issued to investors. We reserve the right to debit your Account with our standard charge for making such arrangements (see paragraph A above).
- C. Subject to any applicable law or regulation, we may exercise any voting rights attaching to Account Investments unless you have elected to exercise such rights yourself.

## 13. Withdrawals

- A. You may withdraw some or all of your money by writing to us.
- B. Unless otherwise permitted by us from time to time, the minimum withdrawal is £50, and the Account Investments remaining after a withdrawal must have a minimum value of £300 (failing which we may treat your request as an instruction to terminate your Account).
- C. Withdrawals will be met by selling Account Investments at the at the next 12 noon valuation following receipt of your instructions. Unless you give us instructions with your withdrawal request, we will have discretion to choose which Account Investments to sell.

- D. The amount to be withdrawn will be paid to you within 4 business days following receipt of cleared funds resulting from the sales of Account Investments.
- E. We may deduct from the withdrawal amount any sums due to it.
- F. Where you make a withdrawal in any Year, your annual allowance will not be affected. This means if you reinvest a withdrawal in the same Year, it will count as a new Subscription in the Year.

## 14. Charges

- A. An initial charge of 4% of your contribution will be deducted from each investment in OEIC shares.
- B. Management Fees: Holdings of OEIC Shares are also subject to management fees, charges and expenses. These are deducted from the property of the Scottish Friendly OEICs and not from your Account. The Annual Management Charge is 1/365% deducted daily from the unit price.
- C. We reserve the right to discount or waive any charges.
- D. We may increase charges but only after giving you three months' written notice including an explanation of why the charges have been increased and the potential impact on your investment. You will also be reminded of your right to transfer or end your policy before the charge is applied.
- E. We shall be entitled to deduct and retain all charges payable under these Terms, and may apply any cash or sell any Account Investments to pay such charges or to pay any tax liabilities under your Account.

## 15. Termination

- A. You may terminate your Account in writing to us, which will be effective on receipt but will not affect transactions already initiated.
- B. We may terminate your Account by giving you one month's notice in writing. If it becomes impractical or impossible to comply with the Regulations, we may terminate your Account immediately, in

which case you will be notified in writing.

**C.** When an Account is terminated, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. Interest will not be paid on any cash balance if you have given notice of termination since the last monthly interest payment date. We may deduct any charges or other amounts due to it, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.

**D.** Your Account ceases to be exempt from tax on your death and will terminate. On notification of death, we will sell the Account Investments and hold the proceeds on deposit in Sterling (earning interest). We may make deductions as provided in paragraph C above. These proceeds shall be segregated from our funds pending payment as Client Money and held with the Bank. In the event of the Bank becoming insolvent or unable to make its payments to us this money may be at risk although your estate may be entitled to compensation up to the Financial Services Compensation Scheme limit of £85,000.

Upon receipt of the death certificate, the grant of probate or appropriate legal confirmation, we will transfer the cash balance of your Account to your personal representatives. These Terms are binding on your personal representatives. We may at our discretion accept or reject instructions received from your personal representatives.

**E.** On death the value of your ISA may transfer as an additional ISA subscription to your Spouse or Civil Partner. This additional ISA subscription can be used within 3 years of the date of your death or, if later, 180 days after the end of completion of the administration of your estate. It can be invested with Scottish Friendly or directly with another ISA provider. Should your Spouse or Civil Partner wish to subscribe to a Scottish Friendly ISA in using this one off subscription it must be made in cash or

cash transfer and they should contact Scottish Friendly at the address provided.

## **16. Void ISA Accounts**

Your Account will be managed in accordance with the Regulations, which take precedence over these Terms.

We will notify you if, as a result of any failure to comply with the Regulations, your Account is or becomes void.

When an Account is voided, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. We may deduct any charges or other amounts due to us, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.

## **17. Transfer to New ISA Account Manager**

**A.** You may instruct us to transfer to another approved account manager, within such time as shall be agreed, either (i) the whole of your Account, or (ii) part of your Account ('a partial transfer'), subject to and in accordance with the Regulations. Only cash may be transferred, and we will convert Account Investments into cash after receiving your instructions. We may deduct from the transfer any sums due to it.

**B.** In the case of a partial transfer, that is a transfer of part of the realised Account Investments and cash held in an ISA or, where there is more than one ISA, all of the realised Account Investments and cash held under a particular ISA, the transfer shall not include any subscriptions to the Account during the Year of transfer nor the value of any gains or other proceeds relating to the investment of such subscriptions.

**C.** A partial transfer involving the transfer of part of the realised Account Investments and cash held in an ISA must represent all subscriptions to the ISA and any gains or other proceeds relating to the investment of such subscriptions for one or more complete Years.

**D.** Also in the case of a partial transfer, the Account Investments remaining after the

transfer must, unless otherwise permitted by the Manager, have a minimum value of £300 (failing which we may treat your instruction as an instruction to transfer the whole Account).

## 18. Information for the Account Manager

You must provide us with all information which we reasonably request for the purposes of the Account and, in particular, you must immediately inform us in writing of any change of tax status or other material change in circumstance.

## 19. Notices and Instructions

- A. Notices and instructions to us should be in writing and signed by you. Notices and instructions sent by facsimile will be accepted.
- B. Notices and other documents to be given to you will be posted to your last registered address for your Account and will be considered received by you two days after posting.
- C. We are entitled to treat as valid instructions given by you, or on your behalf, even if that is not the case because of the wrong doing of another person, unless that other person is an employee or agent of the Account Manager.

## 20. Liability

- A. You indemnify us against all liabilities incurred by us in connection with your Account, other than liabilities caused as a direct result of our negligence, knowing default, or breach of the rules of FCA or of these Terms.
- B. We are liable for our negligence, knowing default, and for any breach of the rules of FCA or of these Terms. We are not liable for any loss caused through a fall in value of Account Investments.
- C. We accept no responsibility for your Account until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- D. For the purposes of this paragraph 20, references to you include your personal

representatives and references to the Account Manager include its nominees.

## 21. Complaints

We have established procedures in accordance with FCA's requirements for the consideration of complaints. Details of these procedures and of your right to compensation if we are unable to meet our liabilities to you are available from us on request. If your complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Scheme; see page 9 for details. This will not affect your right to take legal action.

## 22. Compensation

If Scottish Friendly is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. The first £85,000 of a claim in relation to the value of the plan is protected in full. Further information on the Scheme can be obtained from the Financial Services Compensation Scheme. Tel: 0800 678 1100. [www.fscs.org.uk](http://www.fscs.org.uk)



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