

April 2021

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

This document should be read in conjunction with an up-to-date Key Investor Information Document (KIID) for the 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.

**No advice has been given by Scottish Friendly in respect of this plan. We have not assessed whether this Junior 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 Junior 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 open a Junior ISA?

In this document we have given you the answers to some important questions.

## What should I do now?

Please read:

- The Key Features of the Stocks and Shares Junior ISA
- The Terms and Conditions which is included in this leaflet
- The Scottish Friendly UK Growth Fund and Managed Growth Key Investor Information Document

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

The Terms and Conditions in this document, together with the application form, form our standard client agreement upon which we intend to rely. For your own benefit and protection you should read these terms carefully before completing the application form. If you do not understand any point, please ask for further information.

No advice has been given by Scottish Friendly in respect of this plan. We have not assessed whether this Junior ISA is suitable for your financial needs and therefore you will not benefit from the protection of the 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.

# Key Features of the Stocks and Shares Junior ISA

## Its aims

- To provide a child with a tax-free lump sum at the start of their adult life.
- To achieve growth by investing in stocks and shares through a choice of two investment funds.

## Your investment

- If you take out a stocks and shares Junior ISA, you can invest up to £9,000 in the current tax year, less any amounts subscribed to a Junior Cash ISA with another Junior ISA manager. Scottish Friendly only offers investment into a Stocks and Shares Junior 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 £10 and the minimum lump sum cheque is £50.
- Anyone, such as parents, grandparents, uncles, aunts or family friends may also contribute to the child's Junior ISA provided the maximum that is invested does not exceed £9,000 in the current tax year.
- 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.

## Risks

- Once money has been paid into the Junior ISA, it is locked in. It can only be taken out by the child when he or she reaches the age of 18. Any payment made to the Junior ISA cannot be returned to the donor.
- The value of the child's investment, and the income it earns, can go down as well as up and the child could get back less than you put in. The value of the child's 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 Junior ISAs depends on individual circumstances and tax law may change in future.
- 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 7 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 your child is under 18, didn't qualify for a Child Trust Fund and is a UK resident.

### What is a Junior ISA?

The Junior ISA is an Individual Savings Account for children and allows any investments to grow free of tax. It can be taken out by anyone with parental responsibility for a child and which allows any investments to grow free of tax. When the child turns 18, the plan value can be accessed and becomes the legal property of the child.

### Is this investment right for my child?

You should consider this investment if you (or anyone else) wants to make regular payments or a lump sum payment into an investment for a child, for whom you have responsibility, and where the investment's performance is linked to UK and international stocks and shares. The funds are not suitable if you do not wish to take any risk with your money. Whilst your investment may be locked away on your child's behalf for up to 18 years (depending on the age of your child when you set up your Junior ISA) you should be thinking of investing over at least five years.

If you are in any doubt about the suitability of this investment for your child, you may wish to contact an independent financial adviser.

Within the tax-free Junior ISA umbrella you can invest in one or more of the following two forms of savings or investment:

- Stocks and Shares (either directly or via a collective investment scheme such as an OEIC, a unit trust, an investment trust or via a life insurance policy).
- A Cash Deposit Account (not offered by Scottish Friendly).

### What are the tax advantages?

A Junior ISA is a savings or investment plan where your Junior ISA proceeds are free from UK income tax and capital gains tax. However, as with any tax-free investment such as a pension or ISA, any UK dividend income is received after the deduction of corporation tax.

When the Junior ISA plan value is paid out to the child at the age of 18, the lump sum is free of any tax charge.

### **How much can I or anyone invest in a Junior ISA?**

Anyone can make single payments from £50 by one-off Direct Debit or monthly payments from £10 by regular Direct Debit.

The maximum you can invest in a Stocks and Shares Junior ISA for any Year is £9,000 minus anything you have paid into a Cash ISA in that Year.

Anyone can invest in a Junior ISA but it can only be set up (opened) by someone with parental responsibility for the child.

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

Scottish Friendly offers a Stocks and Shares Junior ISA with a choice of investment into our OEIC funds. These Key Features relate specifically to investment into the UK Growth Fund and Managed Growth Fund which are two of our OEIC Funds.

### **Who can open a Junior ISA?**

A Stocks and Shares Junior ISA can be set up by anyone with parental responsibility for a child who is a UK resident. Alternatively, a child over the age of 16 may open a Junior ISA on their own behalf. The person opening the account will be the Account's registered contact until the child turns 16 or the registered contact signs over responsibility to another adult with parental responsibility. A Scottish Friendly Junior ISA may not be opened in the name of a child who already has a Stocks and Shares Junior ISA or a Child Trust Fund.

### **Who can invest in a Junior ISA?**

Once setup anyone can invest in a child's Stocks and Shares Junior ISA: parents, guardians, grandparents, aunts, uncles, family friends.

### **How can I pay into the Junior ISA?**

You or anyone else can make single payments by cheque or monthly payments by Direct Debit. If investing with 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.

### **Can regular payments be changed?**

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.

### **Who has control over the Stocks and Shares Junior ISA?**

The person that set up the Junior ISA who has parental control over the child can control the Junior ISA. This person will be known as the registered contact. Only one person can be the registered contact however this can be transferred to another person with parental responsibility when requested in writing.

When the child turns 16 the child may become the registered contact and take control over the Junior ISA - although they cannot make withdrawals until they are 18. Should the child wish to take control of their Junior ISA they can simply write to Scottish Friendly at the address on page 10 and we will transfer the registered contact to the child's name (having verified their identity). The current registered contact cannot legally object to the child becoming the new registered contact.

### **Where will you invest the plan 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 anyone make withdrawals the Stocks and Shares Junior ISA?**

Before the child turns 18 there is no legal right of access to the assets within the Junior ISA. Therefore any value within the plan is locked in until the child turns 18.

### **Can I transfer to another Junior ISA?**

Yes. As the child can only ever have one Stocks and Shares Junior ISA, you may want to transfer the proceeds of his or her existing Junior ISA to another provider. All transfers will be made in cash after selling the proceeds of your existing investment.

### **Can the child have more than one Junior ISA over different tax years?**

No, unlike an (adult) ISA the child can only have one Cash Junior ISA and one Stocks and Shares Junior ISA over their lifetime as a child, that is up to age 18. This means that should you wish to pay contributions to another provider you will first have to transfer the child's existing Junior ISA to the new provider.

### **What happens when the child turns 18?**

When the child turns 18 the Junior ISA will become an (adult) ISA meaning that the assets will become their legal property and the child (now 18) will have full control over the assets within the ISA and can make partial or full withdrawals.

You should note that before we can allow withdrawals or any other activity under the ISA the child will be required to sign our ISA terms and conditions and their identity will be verified in accordance with the money laundering regulations that apply at that time.

You should note that any regular payments into the Junior ISA by Direct Debit or Standing Order will automatically cease when the child turns 18.

### What happens to the Stocks and Shares Junior ISA if the child dies?

The full value of the shares in the Scottish Friendly UK Growth Fund and/or Managed Growth Fund will be paid to the child's estate at the date of death and the tax advantages will end.

### How can I find out how much the Junior ISA is worth?

We will send the child a valuation statement of his/her Junior ISA once a year. This statement will show the activity that has taken place since any previous statement and include the number of shares the child owns and the value of the investments. The value of the investment, and the income it earns, can go down as well as up and the child could get back less than you put in. The value of the investment is not guaranteed.

The price of shares is calculated every working day and quoted daily in the Financial Times and The Herald and on our website [www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)

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

The illustrations below give you an idea of how much your investments could be worth in the years ahead. They assume an investment in the Managed Growth Fund or the UK Growth Fund. The final amount will depend on how much you invest, the actual charges over the full term of your investment and the actual rate at which your investment grows.

#### A. Regular monthly payments

If you invest a monthly payment of £25 for 18 years, the table below shows how much your investment would be worth, after charges, if it performs each year by:

2%	5%	8%
£5,590	£7,370	£9,850

#### B. Lump sum investment

If you invest a single payment of £3,000 for 18 years, the table below shows how much your investment would be worth, after charges, if it grows each year by:

2%	5%	8%
£3,210	£5,420	£9,000

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

These figures are only examples and are not guaranteed - they are not minimum or maximum amounts. What the child will get back depends on how your investment grows and the tax treatment of your investment.

They could get back more or less than this.

These yearly growth rates are our reasonable estimate of what our investments might achieve and are the maximum permitted 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 Junior ISA in the future.

## What are the charges?

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 Managed Growth Fund and the UK Growth Fund. The estimated effect of these fees as at 31 December 2018 was 0.59% per annum, 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.

In addition, there are transaction expenses incurred by the Fund when the fund manager buys and sells the Fund's investments and these are paid out of the capital of the Fund.

These expenses include the commission the fund manager pays its stockbroker.

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 the unlikely event you are making an especially large purchase or sale, or if the fund is experiencing significant buying or selling, the effect is called 'dilution'. In such circumstances, the financial interests of existing and

continuing shareholders may be protected by the charging of a 'dilution levy' when shares are bought or sold. The dilution levy will be paid into the fund for the benefit of investors. The dilution levy for the fund will be calculated by reference to the costs of dealing in the underlying investments of that fund, including any dealing spreads, commissions and transfer taxes.

## How will charges and expenses affect my investment?

### A. Regular Monthly Payments

The effect of these charges on your monthly payment of £25, 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	300	2	2	305
2	600	10	10	621
3	900	23	23	947
4	1,200	41	43	1,280
5	1,500	65	69	1,630
10	3,000	275	317	3,550
15	4,500	656	822	5,820
18	5,400	979	1,290	7,370

- The last line in the table shows that if you withdraw your investments after 18 years, the effect of the total charges and expenses could amount to £1,290.
- Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 3.3% 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	49	49	3,100
2	3,000	101	103	3,200
3	3,000	154	161	3,310
4	3,000	209	224	3,420
5	3,000	265	292	3,530
10	3,000	579	718	4,160
15	3,000	948	1,320	4,910
18	3,000	1,200	1,790	5,420

- The last line in the table shows that if you withdraw your investment after 18 years, the effect of the total charges and expenses could amount to £1,790.
- Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 3.3% 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.

## Documentation

We will send the child a statement confirming their investment. We will also send them a valuation of the investment twice a year. The Report will show the activity that has taken place since their previous statement and include the number of shares the child owns. A copy of the funds' prospectus is available on request.

### 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 the child's behalf.

### Withdrawals

You cannot make withdrawals from this investment within the Junior ISA although you may transfer to another provider.

### 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 12 noon valuation 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 Junior ISA investment to another Junior ISA Manager without the loss of tax relief in line with current Junior 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 Junior 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 Junior 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. Tax law may change in the future and may reduce the amount the child gets back or increase the amount of tax they 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/customer-centre/solvency-two](http://www.scottishfriendly.co.uk/customer-centre/solvency-two)

## What happens if Scottish Friendly becomes insolvent?

If you buy a Scottish Friendly Junior 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\*. [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, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ. Tel: 0333 323 5433

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 land line) 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: <http://www.financial-ombudsman.org.uk/>

In accordance with The Alternative Dispute Resolution (ADR) Regulations, you may also use the EU online dispute resolution (ODR) platform <https://webgate.ec.europa.eu/odr> The certified provider used by Scottish Friendly is the Financial Ombudsman Service.

### Authorised Corporate Director

The Authorised Corporate Director of the Scottish Friendly Investment Funds OEIC is Scottish Friendly Asset Managers Limited, Scottish Friendly 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 Junior 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 Junior Individual Savings Account will be operated.

## 1. Definitions

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

**Accounts or Junior ISA** – a Scottish Friendly Individual Savings Account governed by these Terms and which is a Stocks and Shares Junior 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 Junior 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 the 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** – Lloyds Banking Group plc, having its Head Office at The Mound, 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;

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

**Child** – the child under whose name the Junior ISA will be set up and who does not have a Child Trust Fund opened in their name.

**FCA** – the Financial Conduct Authority;

**Junior ISA** – A Junior Individual Savings Account managed under the Regulations;

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

**Registered Contact** – the person taking out the Junior ISA for the child, normally the person with parental responsibility;

**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;

**Subscription** – A payment, in sterling, to be applied to the Account;

**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** – a registered contact who has opened an Account on behalf of a child 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 reenactment.

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 the Account 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, Scottish Friendly 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 the 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, the Account will be managed in accordance with your directions set out in your Application Form.
- 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 Junior ISA or a UK Growth Fund or Managed Growth Fund OEIC Investment outside an Junior ISA. You can only subscribe to one Stocks and Shares Junior ISA for each child for which you are the registered contact. We reserve the right to reject any application.
- C.** Payments into the Account can be from any source of funds.
- D.** You (or anyone else) may invest one or more lump sums in the Account during the Year. In addition, or alternatively, when provided in the Application Form you (or anyone else) 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 the

initial subscription (in the case of a lump sum investment) and/or a Direct Debit Instruction to a Bank or Building society (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.

#### **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. Monthly Direct Debits will normally be collected on the date specified on the Application form of each month and invested by us on the next dealing day for contributions under investment plans.

##### **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.

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

#### **5. Maximum Subscription**

The maximum you can subscribe in either a Cash or Stocks and Shares Junior ISA for the tax year 2021/2022 is £9,000.

#### **6. Cancellation**

There are no cancellation rights available under this plan.

#### **7. Investment Objective**

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

#### **8. Account Investments**

- A. The Account includes Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such investments.
- B. Cash contributions and any other cash held under the 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 the child at all times.
- B. OEIC Shares in the Junior 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 the name of the child.
- C. No OEIC share certificates will be issued. 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 the Account. However, the fund in which you invest in receives UK dividend income net of Corporation Tax.

## 11. Statements

We will send the child a statement every 6 months, showing the value of the Account and details of all transactions in the 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 the Account with our standard charge for making such arrangements (currently £20 per communication with you).

- 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).
- 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 cannot make any withdrawals from a Junior ISA. When the child turns 18 and the Junior ISA becomes an ISA then withdrawals can be made. Before making any payments to the child, they have to complete and adult ISA application and we will need to verify their identity.
- B. You can however transfer your Junior ISA to another Junior ISA provider (see on the next page).

## 14. Charges

- A. There are no initial charges.
- 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 the Account.

#### **15. Transfer to New Junior ISA Account Manager**

- A. You may instruct us to transfer the whole of your Account to another approved account manager, within such time as shall be agreed, subject to and in accordance with the Regulations.
- B. 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.

#### **16. Death**

- A. The Account ceases to be exempt from tax on the death of the child and will terminate. When written notification of the death is received, we will sell the Account Investments and hold the proceeds on deposit in Sterling (earning interest). 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 the child's estate may be entitled to compensation up to the Financial Services Compensation Scheme limit of £85,000.

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

#### **17. Void Junior ISA Accounts**

The 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, the 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.

#### **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 the registered contact. Notices and instructions sent by facsimile will be accepted.
- B. Notices and other documents to be given to the registered contact will be posted to their last registered address for and will be considered received two days after posting.
- C. We are entitled to treat as valid instructions given by the registered contact, or on their 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 the 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 the 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 (or the child's) personal representatives and references to the Account Manager includes its nominees.

## 21. Complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact Scottish Friendly Asset Managers Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ. If your complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Scheme; see page 10 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)

Scottish Friendly Asset Managers Limited,  
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**[www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)**

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Member of The Investment Association.

