

# Key Information Document

## Child Trust Fund: Balanced Growth Fund

### 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.

<b>Product</b>	<b>Child Trust Fund: Balanced Growth Fund manufactured by Police Mutual Assurance Society Limited "Police Mutual"</b> . Visit <a href="http://policemutual.co.uk">policemutual.co.uk</a> or call 0345 88 22 999 for more information. Police Mutual is authorised by the Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and Prudential Regulation Authority. Police Mutual Assurance Society Limited is on the Financial Services Register (reference number 110050). This document was produced on 1 January 2018.
<b>What is this product?</b>	<p><b>Type:</b> Stakeholder Child Trust Fund (Unit Linked)</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>Put simply, the plan builds up a lump sum for a child over a fixed saving term. When the child is 18 they can withdraw the whole amount and have it paid to their own bank account.</li> <li>The plan can be opened by transferring the value of an existing Child Trust Fund from another provider (the underlying investments, such as shares, cannot be transferred).</li> <li>You can invest in a flexible way with monthly Direct Debits or lump sums by card or direct transfer from a bank or building society account. You can add money and start, change or stop a monthly amount at any time. There is no minimum amount, but the maximum amount is limited by the Child Trust Fund Annual Allowance (£4,128, increasing to £4,260 in 2018/2019). The Annual Allowance runs from the child's birthday to the day before their next birthday.</li> <li>Money goes into our Balanced Growth Fund, which can hold a range of investments in the UK and overseas in the form of company shares, bonds and cash. Up to 70% of the Fund will be held in company shares.</li> <li>We aim to grow the money, although there are no guarantees and any growth will depend on the performance of the Balanced Growth Fund. The plan's value can go up and down. The child may get back less than has been paid in.</li> <li>We do not provide lifestyling for Child Trust Funds. (Lifestyling is where money is automatically moved gradually from higher risk investments to lower risk investments for when the child is 18 and the plan is closed.)</li> <li>The plan can be voided by HMRC if it fails to satisfy the Child Trust Fund Regulations. We'll contact you if this occurs.</li> </ul> <p><b>Intended retail investor:</b></p> <ul style="list-style-type: none"> <li>You'll have some experience of other savings products and are looking to invest flexibly to build up a lump sum for a child. You do not need the protection of a money back guarantee.</li> <li>To open a plan, the child must have an existing Child Trust Fund. The plan will belong to the child and will be managed on their behalf by their registered contact until the child turns 16.</li> <li>Anyone can pay money in, but money cannot be refunded to the payer, unless too much money is paid into the plan during the year, when the excess will be refunded.</li> </ul> <p><b>Insurance benefits:</b></p> <ul style="list-style-type: none"> <li>The plan does not provide life cover.</li> <li>If the child dies we'll pay the current value of the plan to their estate.</li> </ul>

### What are the risks and what could the child get in return?

#### Risk Indicator

- The recommended holding period is 10 years. However, the child cannot withdraw money until they are 18.
- The Summary Risk Indicator is a guide to the level of risk of this product compared to other products.
- It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay the child.
- We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact our capacity to pay the child.
- This product does not include any protection from future market performance so the child could lose some or all of their investment. If we are not able to pay the child what is owed, they could lose the entire investment. However, they may benefit from a consumer protection scheme (see the section 'What happens if Police Mutual is unable to pay the child?'). The indicator shown here does not consider this protection.



## Performance Scenarios

- This table shows the money the child could get back over the next 10 years, under different scenarios, assuming that £10,000 is invested on behalf of a child.
- The scenarios shown illustrate how the 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 the child will get will vary depending on how the market performs and how long they keep the product. The stress scenario shows what the child might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay the child.
- The figures shown include all the costs of the product itself. The figures do not take into account the child's personal tax situation, which may also affect how much they get back.

Investment : £10,000		1 year	5 years	10 years (recommended holding period)
<b>Survival scenarios</b>				
<b>Stress scenario</b> (based on extreme market conditions and very low investment returns)	What the child might get back after costs	£7,314	£6,844	£5,772
	Average return each year	-26.86%	-7.30%	-5.35%
<b>Unfavourable scenario</b> (based on low investment returns)	What the child might get back after costs	£9,703	£11,237	£14,328
	Average return each year	-2.97%	2.36%	3.66%
<b>Moderate scenario</b> (based on medium investment returns)	What the child might get back after costs	£10,691	£13,947	£19,444
	Average return each year	6.91%	6.88%	6.88%
<b>Favourable scenario</b> (based on high investment returns)	What the child might get back after costs	£11,766	£17,291	£26,359
	Average return each year	17.66%	11.57%	10.18%

- Money grows mainly free of tax in the Balanced Growth Fund and when the child takes the money out they won't have to pay capital gains or income tax.
- Please keep in mind that inflation will reduce what the child could buy with the amount saved.

## What happens if Police Mutual is unable to pay the child?

- If we can't meet our obligations, you may be entitled to compensation from the Financial Services Compensation Scheme (FSCS). The service is free to consumers.
- This is a long term insurance product, so this means the child is entitled to receive 100% of the whole of the claim.
- Further information is available from the FSCS: 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, 0800 678 1100 (opening hours are: Monday to Friday - 8.30am to 5.30pm), [fscs.org.uk/](https://www.fscs.org.uk/)

## What are the costs?

- The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return the child might get. The total costs take into account one-off, ongoing and incidental costs.
- The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future.

### Costs over time (based on the moderate scenario):

Investment: £10,000	If you transfer out after 1 year	If you transfer out after 5 years	If you transfer out after 10 years
<b>Scenarios</b>			
<b>Total costs</b>	£131	£876	£2,519
<b>Impact on return (RIY) each year</b>	1.31%	1.31%	1.31%

## Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return the child 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%	This product does not charge any entry costs.
	Exit costs	0%	This product does not charge any exit costs.
Ongoing costs	Portfolio transaction costs	0.06%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.25%	The impact of the costs that we take each year for managing the investments. This is an Annual Charge of 1.25% of plan value. This charge is taken daily by cancelling units held in the plan.
Incidental costs	Performance fees	0%	This product does not charge any performance fees.
	Carried interests	0%	This product does not charge any carried interests.

- The Balanced Growth Fund is divided into units of equal value and unit prices are calculated daily.
- Contributions will be paid in at the price on the day on which the payment is received, as long as the cancellation period has ended.

## How long should the child hold it and can they take money out early?

### Recommended required minimum holding period: 10 years (the child cannot withdraw money until they are 18)

Changing your mind in the first 30 days	<ul style="list-style-type: none"> <li>• A 30 day cancellation period will apply to the transfer from when you receive your acceptance letter. Money will only be paid into the plan once the cancellation period has ended.</li> </ul>
Transferring out after the first 30 days	<ul style="list-style-type: none"> <li>• All money will be locked in the Child Trust Fund until the child is 18. It cannot be accessed by anyone until that time, unless the child becomes terminally ill or dies.</li> <li>• The plan value can be transferred to a Child Trust Fund or Junior ISA with another provider at any time, without charge. You'll need to contact your new provider and they will arrange the transfer for you.</li> <li>• The value you can transfer will depend on how the Balanced Growth Fund has performed and our charges (as described in the table above). <b>It may be more or less than you invested.</b></li> <li>• It is not possible to move money from the Balanced Growth Fund to any other Police Mutual investment Funds.</li> </ul>

## How can I complain?

We hope you won't ever need to complain about any aspect of the service you receive from us - but if you do, please phone us on 0345 88 22 999, email [groupcomplaintsteam@pmas.co.uk](mailto:groupcomplaintsteam@pmas.co.uk), write to us at Alexandra House, Queen Street, Lichfield, Staffordshire WS13 6QS or visit [policemutual.co.uk/about-us/feedback](http://policemutual.co.uk/about-us/feedback). You can ask us for a copy of our complaint handling procedure. If you're not satisfied with our response to your complaint, you can complain to: Financial Ombudsman Service (FOS), Exchange Tower, London E14 9SR, 0800 023 4567 (opening hours are: Monday to Friday - 8am to 8pm, Saturday - 9am to 1pm), [financial-ombudsman.org.uk/](http://financial-ombudsman.org.uk/). Complaining to the ombudsman will not affect your legal rights.

## Other relevant information

- You should also read our *Terms and Conditions* for the Child Trust Fund, which we are legally required to provide. This document is available online.
- We review and republish all documents regularly - you'll be able to find the latest versions at [policemutual.co.uk](http://policemutual.co.uk).
- Until the child turns 16 we'll send statements to the registered contact and they will be able to make decisions about the plan on behalf of the child. Statements will be sent within three months of the child's 5th, 11th, 15th, 16th and 17th birthdays and for each year that payments are made. The registered contact can also call us if they want to know the plan's value at any other time. After the child turns 16 we can provide information to the child.