A GUIDE TO INVESTING WITH NFU MUTUAL

Taking the time now to review your investment options could pay dividends in years to come

NFU Mutual
FINANCIAL PLANNING

CONTENTS

WELCOME

We know that creating a financial plan can be daunting, but it's an important step to securing your financial future. Taking the time now to review your investment options could pay dividends in years to come. By taking stock of your finances, you'll get a clearer idea of how to achieve your short and long-term financial goals.

Choosing the right place to invest will make a big difference to achieving your goals. That's where we can help. Whether you need advice about how to get started or you want to review your existing portfolio, your NFU Mutual Financial Adviser is on hand.

What to expect from this guide

We'll explain the options available to help you decide which areas you'd like to invest in. You can then choose to pay one of our Financial Advisers to create your own tailored investment plan to help reach a better financial future.

PLANNING YOUR INVESTMENT

There are many reasons for investing, including planning for retirement or investing for your children's future. Whatever your reason, NFU Mutual can help.

If you have a lump sum of money, or are regularly saving into a bank or building society, it's important to consider the impact of inflation over the long-term. If the interest rate you earn is lower than the rise in prices, the real value of your money will fall.

So if you have funds available to invest over and above a suitable reserve of readily accessible money in a cash account, other investment options may provide the potential for a better return.

Whether the cash you have available for investment comes from income, an inheritance, or the proceeds of a property or business sale, there are many choices open to you that could improve the potential return on your money.

PERSONALISING YOUR INVESTMENT

You need to take the time to consider your own personal circumstances and goals to decide which investments are best for you.

The questions you need to ask yourself are:

- Do you want to invest a lump sum, regular amount or both?
- Do you have a set goal in mind?
- Are you looking for capital growth, income, or both?
- How long can you tie up the money you have available for investment?
- How much risk are you comfortable with?
- Do you need to consider the needs of dependants?

KEY ASSET CLASSES

The investment world can seem confusing, but, in fact, there are four main types of investments or asset classes – shares, bonds, cash and property.

If you understand these you'll be well on your way to understanding how most investment products work.

You can either invest directly into shares, bonds, cash and property or you can invest into professionally managed funds, which are explained on pages 8 and 9.

You need to know:

You should be aware that with many investments your funds could fall in value and you could get back less than you invested.

It's important to remember that any investment involves some form of risk.

SHARES

Buying shares in a company makes you a part owner of the business. Clearly, you would hope that the company will be successful and that your investment will grow in value.

However, the value of your investment will depend upon the fortunes of the company. You need to remember that shares in the company could fall or rise in value because of external factors, such as the economy and the general state of the stock market. Company shares can also provide income and most companies pay dividends twice yearly.

Of course, businesses differ from one another. Investing in a major supermarket is very different from investing in a small technology company. Large, established companies may be generally more stable, but may not offer the same level of potential growth as newer, smaller firms.

There are different ways of classifying companies:

- by business sector, such as oil, retail, pharmaceuticals and manufacturing
- by size of company – large, medium and small.

Some companies reinvest more of the profit back into the company, and some pay more out to investors as dividends.

Predicting how a particular company will perform is very difficult, given the many factors that can affect its value. Investing in a variety of companies across different sectors of the economy, or within different economies, may help reduce risk.

Shares are suitable for investors who are seeking capital growth and are comfortable with risk to their capital as share values can go down as well as up. They can also provide income, although this will be variable.

PROPERTY

Another major type of investment is property. This comes in many forms, but can broadly be split between residential and commercial.

There is a wide range of commercial property – office blocks, retail, factories, warehouses etc.

You can invest directly into property or buy shares in property companies who themselves invest directly in property.

FIXED INTEREST BONDS AND GILTS

Governments and companies issue bonds as a way of raising finance. For historic reasons UK government bonds are called gilts.

In effect, these bonds are IOUs. How safe an investment they are, is dependent upon the creditworthiness of the bond issuer. As a rule of thumb, lending to a major government tends to be lower risk, large companies are a little less secure, small companies can be riskier, and so on.

Credit rating agencies, such as Standard & Poor's and Moody's, grade the investment risk of bonds.

Bonds typically pay a fixed level of interest and there is a date at which the bond is due to be repaid. Those with a poorer credit rating will typically offer a higher potential return.

Once issued, bonds can be sold and bought. The price of the bond can fluctuate depending on market interest rates. When market interest rates are higher than the rate paid by the bond, its price is usually lower than if market interest rates are below the rate paid by the bond. The actual investment is payable when the bond is redeemed at maturity.

CASH

Cash typically refers to money held in bank or building society accounts. A money market fund invests in cash or cash like assets.

Cash and money market funds are suitable for investors who have short term goals, of less than five years for example, and those seeking capital preservation. An investor may also choose to take an income from their investment.

Although cash is seen as low risk, over the long-term the potential for growth is low and also the growth may not keep pace with inflation. With inflation, the buying power of money falls over time, eroding the real value of capital and income.

UNDERSTANDING INVESTMENT FUNDS

Few of us have the time, expertise or money to buy a wide diversified range of shares, bonds or property. This is where investment funds can help. Investment funds aim to reduce risk by pooling money from thousands of investors. Investing via a fund can have a number of advantages:

Reduced Investment Risk

Because the fund manager is able to buy a wider range of investments than most individuals acting alone, this can help to control and reduce the level of risk, as it is not exposed to the fortunes of just one, or a few, shares or bonds.

Simplicity

When you invest into a fund, you purchase a number of units or shares in that fund. The value of your investment will rise or fall in line with the progress of the fund. You can track the value of your investment through regular statements, press information or online.

Professional Investment Management

A fund manager will make all decisions regarding which investments to buy and sell, within the fund's stated objectives.

Dealing Costs

Because of the economies of scale, the fund manager will normally incur lower dealing costs than an individual acting alone.

Types of investment fund

We offer a wide range of funds allowing you to access different types of assets with different degrees of risk.

Some of the main categories are:

Fixed Interest

Funds that invest into fixed interest bonds. These are less volatile than equity funds, but capital values can vary.

UK Equity Income

Funds that invest into UK shares that are typically paying above average dividends.

UK Equity

Funds investing into UK shares. These vary from blue chip (large established firms) to smaller companies, each offer a different level of risk and potential return.

Global Equity

Funds investing into international shares. Please note that some of the international elements of our investment funds are managed by external fund managers.

Property

Funds that invest into property related shares.

Managed and With Profits

Funds that are invested into a diverse range of assets, usually including bonds, shares, cash and property. These can provide a diversified mix of investment assets in one fund.

Example asset allocation for a managed fund: NFU Mutual 20 – 60% Shares Fund.

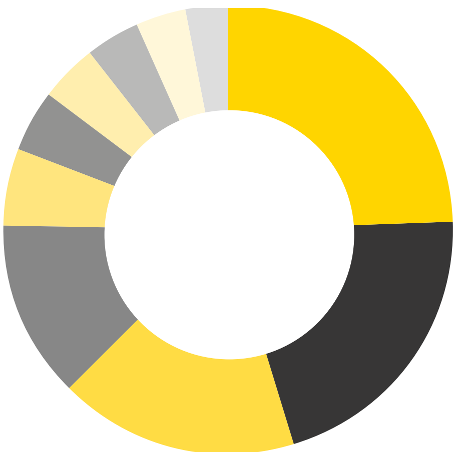
Below is a typical representation of asset allocation. Actual holdings will vary day to day depending on market conditions.

Each fund carries its own risks and, therefore, will not be suitable for everyone. Before you consider investing with us, you should consider what level of risk you are comfortable with. At NFU Mutual we give each of the funds we offer a risk rating, these are explained in the next few pages.

Please note that some of the international elements of our investment funds are managed by external fund managers.

You need to know:

The value of your investment can go down and you may get back less than invested.



UK Equities	24.71%
UK Corporate Fixed Interest	20.77%
North American Equities	17.10%
UK Gilts	12.83%
Money Markets	5.45%
Other	4.64%
European Equities	4.07%
Global High Yield Fixed Interest	3.95%
Global Emerging Market Equities	3.52%
Global Emerging Market Fixed Interest	2.96%

Correct as at 31st December 2024

UNDERSTANDING RISK

All investments carry a level of risk. Here are some of the key risks to consider before investing:

Capital Risk

Many investments can go down in value, leading to the possibility of loss of some or all of the original capital. Stock market investments, in particular, can vary and although the long-term trend has historically been upwards, there have been periods where values have fallen sharply.

Inflation Risk

With inflation, the buying power of money falls over time, eroding the real value of capital and income.

Income Risk

There is a risk that income provided by investments may vary, or will not be paid in the future.

Interest Rate Risk

Interest rate changes have an impact on variable rate deposits, fixed rate deposits and fixed interest bonds. The income from variable rate deposits will fall as interest rates fall. If you invest into fixed term deposits then you may not receive as much as you would have with a variable rate account, should interest rates rise.

With fixed interest bonds it is usually the case that the capital value falls as interest rates rise.

Currency Risk

If assets are held in a foreign currency there is a risk that changes in the sterling exchange rate will affect their value.

Institutional Risk

When you make an investment with a financial institution, such as a bank or insurance company, there is a risk that the institution may have financial difficulties that affect the investment.

Legislative Risk

There is a risk that changes made by the government, particularly to taxation, will affect the returns from investments.

Please note that this is not an exhaustive list. There are other types of risk depending on where you invest.

UNDERSTANDING RISK DEFINITIONS

To help our customers understand and identify which level of investment risk suits them, we have created a set of risk definitions.

Six Levels of Risk

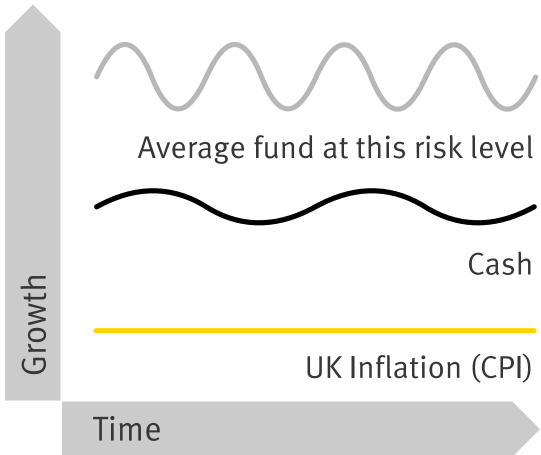
The following pages set out six levels of risk and the associated descriptions of each. The lowest is level one and increases up to level six.

Each risk level definition includes a chart over a ten year period which measures three different elements:

- An average investment at the appropriate level of risk, which is shown as the grey line.
- Cash returns using Moneyfacts 90 day £10,000+ which is shown as the black line.
- Both of these are presented relative to UK inflation which is shown as a yellow flat line.

Our cash measure, Moneyfacts 90 day notice 10k, is an account that allows access to your funds with notice. The rates on such accounts tend to be higher than those of an instant access savings account.

To give an indication of the level of consistency achieved by each element, a table has been included with each risk level, which shows the return achieved each year over the preceding year.



NFU MUTUAL RISK LEVEL 1

Is this you?
You are not prepared to take any risk with your investments and would rather keep your money in cash deposits.

What does this mean for potential investment growth?

You accept the potential for growth is low and that the growth may not keep pace with inflation.

You take no investment risk, choosing investments that are unlikely to fall in value and lose money.

How long do you intend to invest for?

You might need to access any investment within five years, possibly at short notice.

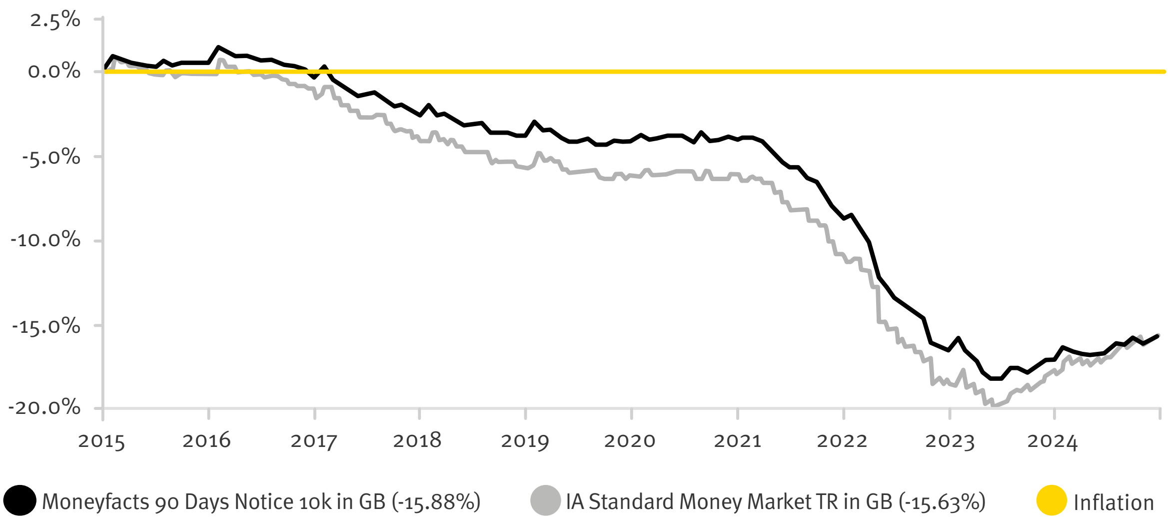
What type of investment would you make?

You prefer to have no exposure to shares, accepting the impact this has on potential for growth.

What level of investment knowledge do you need?

An investor in this risk level is typically someone who does not need knowledge of investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level one investment

The chart above illustrates what we would regard as a typical level one investment. Note that the average fund in this level has not gone up and down too often, but over the long-term has not kept pace with inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	0.1	0.2	0.1	0.5	0.7	0.4	-0.1	1.3	4.7	5.2
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

NFU MUTUAL RISK LEVEL 2

Is this you?
You are prepared to take very limited risk with your investments to achieve some growth.

What does this mean for potential investment growth?

You accept the potential for growth is low but want the potential to outperform deposit accounts and keep place with inflation. You take very limited risks when investing, choosing investments that fluctuate in value but where losses are small.

How long do you intend to invest for?

You can invest for the longer term, say five years or more, and don't expect you'll have to sell your investments earlier.

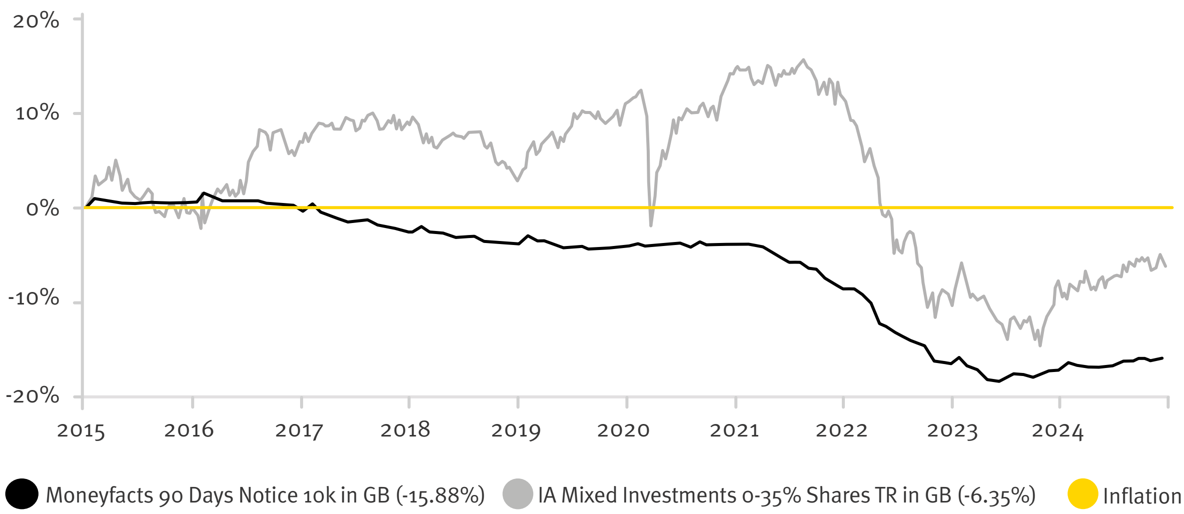
What type of investment would you make?

You are comfortable with around 40% of your capital being invested in equities (UK or Global) and the rest in lower risk investments such as cash and fixed interest.

What level of investment knowledge do you need?

An investor in this risk level is typically someone who has some knowledge of the most popular types of investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level two investment

The chart above illustrates what we would regard as a typical level two investment. Note that the average fund in this level has experienced ups and downs in value, but the falls are generally not as large as higher risk levels. Although performance generally exceeded inflation over the past decade, the recent falls mean that over the whole period the fund has not kept pace with inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	0.4	8.5	4.8	-3.4	8.7	3.9	2.8	-10.9	6.0	4.4
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

NFU MUTUAL RISK LEVEL 3

Is this you?
You are prepared to take limited risk with some of your investments for the potential of reasonable levels of growth.

What does this mean for potential investment growth?

You want higher growth than is typically on offer with deposit accounts but accept high returns are unlikely. You take limited risk when investing, choosing investments that fluctuate in value, but avoid investments that can lead to large losses.

How long do you intend to invest for?

You can invest for the longer term, say five years or more, and don't expect you'll have to sell your investments earlier.

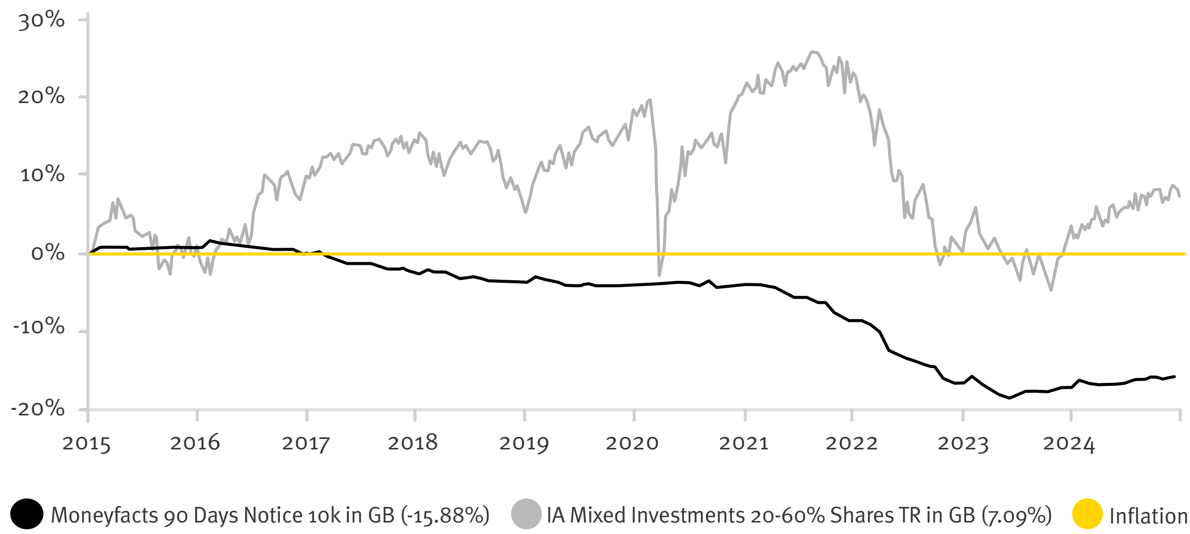
What type of investment would you make?

You are comfortable with around 60% of your capital being invested into equities (UK or Global) and the rest in lower risk investments such as cash and fixed interest.

What level of investment knowledge do you need?

An investor in this risk level is typically someone who has a good level of knowledge of the most popular types of investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level three investment

The chart above illustrates what we would regard as a typical level three investment. Note that the average fund in this level has gone up and down in value more often and to a higher degree than lower levels but not as much as higher risk levels. Over this period it has provided returns above inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	1.2	10.3	7.2	-5.1	11.8	3.5	7.2	-9.5	6.8	6.1
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

NFU MUTUAL RISK LEVEL 4

Is this you?
You are prepared to take a medium level of risk with your investments for the potential of higher growth.

What does this mean for potential investment growth?

You want much higher growth than is typically on offer with deposit accounts, with potential for high returns. You take a medium level of risk when investing, choosing investments that fluctuate in value, but try to limit the risk of significant losses.

How long do you intend to invest for?

You can invest for the longer term, say five years or more, and do not foresee needing to sell your investments earlier.

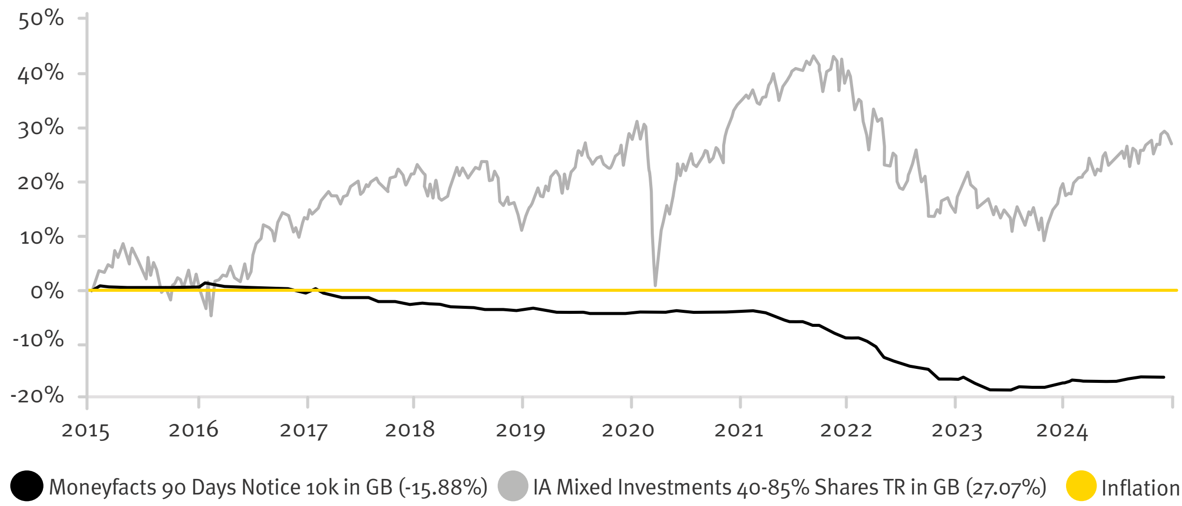
What type of investment would you make?

You are comfortable with around 80% of your capital being invested into equities (UK or Global) & the rest in lower risk investments such as fixed interest.

What level of investment knowledge do you need?

An investor in this risk level is typically someone who has a good level of knowledge of stock market investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level four investment

The chart above illustrates what we would regard as a typical level four investment. Note that the average fund in this level has gone up and down in value more sharply than lower levels but not as much as higher risk levels. Over this period, it has provided returns above inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	2.7	12.9	10.0	-6.1	15.8	5.3	10.9	-10.0	8.1	9.0
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

NFU MUTUAL RISK LEVEL 5

Is this you?
You are prepared to take a high level of risk with your investments for the potential of significantly higher growth.

What does this mean for potential investment growth?

You want significantly higher growth than is typically on offer with deposit accounts with potential for high returns. You take a high level of risk when investing, choosing investments that can fall sharply in value and lose money.

How long do you intend to invest for?

You can invest for the longer term, say five years or more, and do not foresee needing to sell your investments earlier.

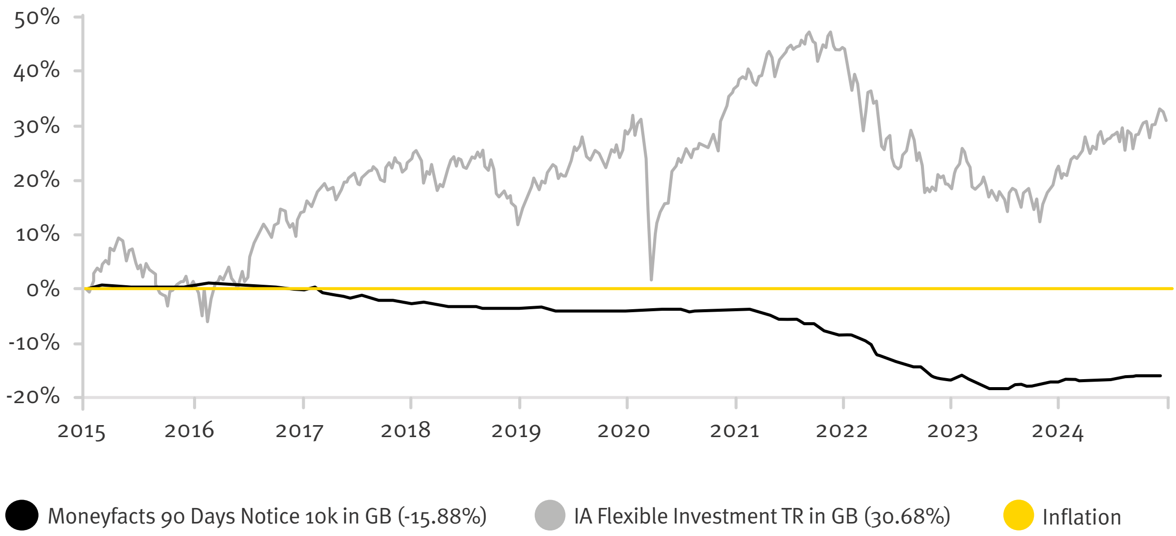
What type of investment would you make?

You are comfortable investing all of your capital into equities (UK or Global).

What level of investment knowledge do you need?

An investor in this risk level is typically someone who has very good knowledge or experience of stock market investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level five investment

The chart above illustrates what we would regard as a typical level five investment. Note that the average fund in this level has gone up and down in value more sharply than lower levels and there have been periods of large falls in value. Over this period it has provided returns above inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	2.0	13.8	11.2	-6.7	15.7	6.7	11.3	-9.0	7.1	9.4
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

NFU MUTUAL RISK LEVEL 6

Is this you?
You are prepared to take very high risks with your investments to maximise potential growth.

What does this mean for potential investment growth?

You want the potential to maximise returns and are willing to accept very high levels of risk. You take very high risks when investing, choosing investments that see significant fluctuations in value and lose money.

How long do you intend to invest for?

You can invest for the longer term, say five years or more, and do not foresee needing to sell your investments earlier.

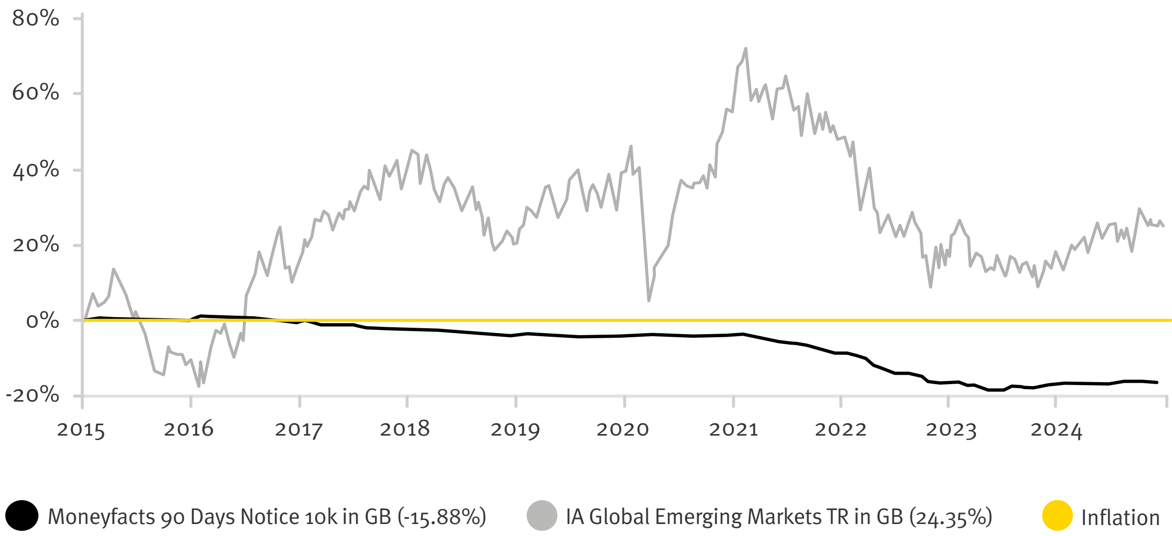
What type of investment would you make?

You are comfortable investing all your capital into equities, potentially focussing on high risk areas such as small or new companies and those in emerging markets.

What level of investment knowledge do you need?

An investor in this risk level is typically someone who has a high level of knowledge or experience of stock market investments.

Relative Cumulative Performance – Time period 31/12/2014 - 31/12/2024



Level six investment

The chart above illustrates what we would regard as a typical level six investment. The average fund in this level has gone up and down more often. There were periods of large falls in value, but also sharp increases in value. Over this period it has provided returns above inflation.

Returns over the past 10 years

The table* below shows the percentage returns achieved over each of the past 10 calendar years and gives an idea of the level of change in return over each period.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
An average fund for this level of risk	-10.2	30.8	24.4	-11.8	16.0	13.7	-0.5	-12.2	4.3	8.2
UK Inflation (CPI)	0.2	1.6	2.9	2.1	1.3	0.7	5.4	10.5	3.9	2.2
Cash	0.8	0.8	0.5	0.8	1.0	0.8	0.4	0.8	3.0	4.1

* Source: Financial Express; total return after charges, income reinvested. (Percentage increase for calendar years 1 January to 31 December.) Cash returns using Moneyfacts 90 day £10K+

You need to know: The value of your investments and any income from them can go down and you may get back less than invested. Please remember that past performance is not a reliable indicator of future results.

FUNDS WE OFFER

Managed Funds

You can leave the investment decisions to us.

If you want to spread your investment risk and leave the investment decisions to the experts, choose from our Managed Funds.

Managed Funds	Risk Rating
Mixed Portfolio Max 100% Shares	Level Five
Mixed Portfolio 40-85% Shares	Level Four
Mixed Portfolio 20-60% Shares	Level Three
With-Profits (3)	Level Three
With-Profits (2)	Level Two

Market Funds

You can also create your own portfolio.

Our Market Funds allow you to invest in a specific area or build your own portfolio with a spread of investments. These funds could be ideal if you like a hands-on approach to selecting your funds.

Market Funds	Risk Rating
International Equity	Level Five
UK Equity	Level Five
UK Equity Income	Level Five
Fixed Interest	Level Two
Deposit	Level One

Select Funds

Additional funds to increase choice and flexibility.

Our Select Funds are carefully chosen to complement our fund range and to offer you extra choice. Each fund is managed by a well respected investment house and has been selected against rigorous selection criteria to make sure that it meets – and continues to meet – our high expectations and standards.

Select Funds	Risk Rating
abrdn Global Sustainable Equity Fund	Level Five
Jupiter UK Smaller Companies Fund	Level Five
abrdn Real Estate Feeder Fund	Level Four
Columbia Threadneedle High Yield Bond Fund	Level Three
JPMorgan GBP Liquidity Fund	Level One

These funds are not available for all of our products. Ask your NFU Mutual Financial Adviser or check the Fund Centre on our website, **nfumutual.co.uk/investments/fund-centre** where you can download a copy of the Fund Factsheet and Key Investor Information document.

This list was complete as of February 2025. We are constantly reviewing the most appropriate choices and, inevitably, the funds within the Select range will change over time. Our website, **nfumutual.co.uk**, will contain the very latest information.

You need to know:

The value of your investment and any income from it can fall, and you may get back less than you invested.

For more detailed information about each of these funds, please visit **nfumutual.co.uk/investments/fund-centre** where you can download a copy of the Fund Factsheet and Key Investor Information document. Alternatively please visit **nfumutual.co.uk/news-and-stories/investment-market-review** where you can download the latest edition of the Investment Focus brochure which provides a quarterly update on our funds.

A SELECTION OF MANAGED FUNDS

Our range of Managed Funds, including our With-Profits Funds, gives you access to global investment markets without the hassle of monitoring the markets and deciding when to buy and sell.

Each fund invests in a spread of different markets and assets. The fund manager decides where to invest in line with the fund's investment policy. The funds vary in risk, so you simply choose the ones most suitable for you.

Managed Funds have several important advantages:

- **Expert management** – Our experienced fund managers specialise in researching stocks and monitoring your portfolio, so you can be sure your money is in good hands.
- **Access to international markets** – Managed funds are an ideal way to gain access to international markets and companies easily and quickly.
- **Simplicity** – The fund manager takes care of looking after the underlying assets – all you need to decide is how much to invest.
- **Reduced risk** – Investing in several different assets and markets spreads investment risk. This means that the fund will not receive the full benefit compared to investing in a single asset fund, if that asset performed particularly well. However, you may be affected less if there is a significant market fall.

MANAGING INVESTMENT RISK

Accepting that there will always be risk when investing is key. When determining how much risk you are willing to take there are some important considerations that should form part of any investment decision.

Think longer term

Investments will go up and down in value over time. Investing for the longer term (5 years or more) can improve the potential returns from an investment as the impact of shorter term market volatility can be smaller.

Diversify

You can reduce risk by having a broad spread of investments in different asset classes, such as holding shares, government and corporate bonds, property, and cash. These asset classes can also be invested in different sectors and regions of the world to further diversify your overall portfolio. This helps reduce risk as asset classes tend to behave differently in different market conditions, which can help reduce the overall volatility of your investment.

Attitude to risk

The level of investment risk you are prepared to take will depend on your circumstances and reasons for investing, which could change over time. If you are investing for the longer term (5 years or more) you may be willing to take more risk for potentially higher returns. If you are investing for a shorter period (for example, less than 5 years) you may choose to take less risk in the knowledge that this may lead to lower returns.

You need to know: Please remember the value of investments and the level of income received from them can fall as well as rise, and is not guaranteed. You may not get back the amount of your original investment.

UNDERSTANDING INVESTMENT PRODUCTS

There are four main types of investment product available (and many specialised ones). These products can all hold investment funds.

1. Individual Savings Accounts (ISAs)
2. Open Ended Investment Companies (OEICs)
3. Pensions
4. Investment Bonds

Although some products can hold a wider range of investments than others, the types of assets that these products can hold are broadly the same – the main difference is the way the products are structured and their tax treatment.

Therefore, your own personal tax position may be a factor in determining which product, or products, will be best for you.

To find out more about the investment products we offer, visit our website at **nfumutual.co.uk**

1. INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

ISAs were introduced by the Government to encourage long-term savings and investments.

The annual ISA allowance is £20,000. This amount can be split between a Cash ISA and a Stocks and Shares ISA. You can transfer between stocks and shares and cash ISAs and vice-versa.

You have the flexibility to invest in multiple cash or Stocks and Shares ISAs in any one tax year.

Stocks and Shares ISA

Choose from a range of funds to suit your appetite to risk.

You can invest some or all of your allowance into a Stocks and Shares ISA, but remember the limit is reduced by any amount that has been invested into a cash ISA in the same tax year. Currently we do not offer a cash ISA.

Junior ISA

This is a tax efficient investment for a child, set up by the child's parent or guardian. Up to £9,000 can be paid in the current tax year.

The investment is held until the child reaches 18, at which point they can take money out or continue to invest as they wish.

Taxation

Any income or gains from an ISA is free of UK Income Tax and Capital Gains Tax.

You need to know:

The value of your investment and any income from it can fall, and you may get back less than you invested.

The value of tax benefits depends on individual circumstances and may change in the future.

2. OPEN ENDED INVESTMENT COMPANIES (OEICs)

OEICs are collective investment schemes. These are broadly similar to, and have largely superseded, Unit Trusts. Money is pooled from individual investors and professionally managed in an investment fund. Each individual OEIC has a prospectus that sets out the aims of the fund and the types of asset into which it can invest.

Each investor then owns shares in the fund.

Taxation

Individual investors are potentially subject to tax on income and capital gains. The tax on income depends upon the type of OEIC – whether it is invested mainly in shares or mainly in interest-bearing bonds.

If it is invested in shares the income is paid as a dividend. Any dividends you receive are subject to Income Tax based on your Income Tax rate (basic, higher or additional), but you also have to take into account the annual dividend allowance of £500 in 2025/26.

You'll pay tax on any dividends you receive over £500 at the following rates:

- 8.75% on dividend income within the basic rate band
- 33.75% on dividend income within the higher rate band
- 39.35% on dividend income within the additional rate band.

If it is invested in interest-bearing bonds (such as our Fixed Interest fund) the income is paid as an interest distribution before tax and this may be set against your Personal Savings Allowance. Once this is utilised you will pay tax at your Income Tax rate.

If shares in an OEIC are sold at a profit the gain is potentially subject to Capital Gains Tax (CGT). Tax is only payable where the gains in the tax year exceed the annual CGT allowance of £3,000 (2025/26). The gain is added on top of an individual's total income to determine the rate payable.

You need to know:

The value of your investment and any income from it can fall and you may get back less than you invested.

The tax treatment depends on individual circumstances and may change in the future.

3. PENSIONS

When planning your investments it is important to consider pensions, particularly if you have a need for an income later in life. The Government makes pensions tax-efficient to encourage individuals to provide for their retirement.

Pension contributions, subject to certain limits, can benefit from tax relief. This means that for every £80 you pay in, HMRC will add £20. If you pay tax at a rate above the basic rate, you can claim back additional tax relief via your tax return or by contacting HMRC direct.

A pension can be set up for a child, up to a total contribution of £3,600 each tax year, and benefit from the same tax boost from HMRC. This can give a child a valuable head start, with the potential to benefit from long-term investment growth.

Pension freedoms mean that once you reach age 55 (this will rise to age 57 from 2028) you can access your pension funds as you wish, taking ad hoc lump sums, withdrawing variable amounts of income or securing a regular income for life.

The tax you pay when you take money from your pension will depend on the options you choose. It’s important to take advice on which options would best suit your circumstances.

Currently any growth on your pension investment is exempt from UK Income Tax and Capital Gains Tax.

From 6th April 2027, the rules are changing and any money remaining in your pension pot or other pension death benefits will be included in your estate when calculating your potential Inheritance Tax bill. Normally anything left to your spouse or civil partner is exempt from Inheritance Tax, including your pension.

You need to know:

The value of your investment and any income from it can fall and you may get back less than you invested.

The tax treatment depends on individual circumstances and may change in the future.

Please note that Inheritance Tax advice is not regulated by the Financial Conduct Authority.

4. INVESTMENT BONDS

Investment bonds are life assurance policies, although the amount of life cover is normally very small.

You can hold a wide range of funds in an investment bond, including With-Profits.

For simplicity this brief summary applies to investment bonds issued in the UK. The tax treatment for bonds issued outside the UK (offshore bonds) is different.

Funds held in a bond pay tax on any income and capital gains.

Individual investors may be subject to higher rate Income Tax on gains when money is taken out.

All investors can take out 5% of the original investment each policy year with no immediate liability to tax, up until the time that the entire original investment amount has been withdrawn. If the 5% allowance is not used in one year it can be carried forward to future years. If higher rate tax is due on a gain, allowance is given for the 20% tax deemed paid within the fund.

You need to know:

The value of your investment and any income from it can fall and you may get back less than you invested.

The tax treatment depends on individual circumstances and may change in the future.

PUTTING IT ALL TOGETHER

Unfortunately, there is no one simple answer to how individuals should invest because it will depend on their own circumstances, financial objectives and attitude to risk and reward.

However, there are some clear guidelines that apply for everyone:

- Keep sufficient money in bank or building society accounts to cover any planned expenditure in the next few years or for unforeseen emergencies.
- Understand what you are investing into and the risks involved.
- Decide for how long you want to invest and understand the commitment required for any particular investment.
- Subject to the overall amount of risk you are willing to take, spread your money between different types of investment – for instance, have some in lower risk funds where the potential for growth may be smaller and some in higher risk funds to provide greater opportunity for capital growth.
- Consider tax-efficient products such as pensions and ISAs.
- Have realistic expectations.
- Review your investments regularly.

And finally, if you’re in doubt or want to know more, speak to one of our Financial Advisers.

WHY CHOOSE NFU MUTUAL?

Where and how you invest your money can make a big difference to your future plans, so it's important to make informed choices from the start.

At NFU Mutual we offer our customers a strong local presence. We've been established for over 110 years, looking after our customers from a network of local agency offices across the UK.

With funds under management of £20bn, our fund management team aims to deliver consistent performance returns, helping you to realise your financial plans.

We have a range of funds that give you the choice to leave the decision making to us or take a more active approach yourself.

Working together with your NFU Mutual Financial Adviser, you can build a portfolio that meets your needs and supports your financial goals. Our Financial Advisers will be able to tell you more about our advice services and charges.

We firmly believe in the value of financial advice. However, we recognise there may be times when you are clear about the direction you want to take and choose to buy or act without taking advice. In these instances, you can speak to a member of our non-advised team or open certain investments online.

To find out more about the investments we offer, visit our website at **nfumutual.co.uk/investments**

Our commitment to mutuality

NFU Mutual continues to take great pride in the quality of products and services we provide to all our customers. As always, our mutuality gives us the freedom to act on your behalf, without shareholder distractions. So when it comes to taking care of your investments, you can rely on us to proceed with care and never forget that it's your money we're looking after.

MONITORING YOUR INVESTMENTS

Monitoring your investments has never been easier using the NFU Mutual online service called My Investments.

NFU Mutual My Investments

When you invest with us, you'll be able to monitor the performance of many of your NFU Mutual investments using the online investment platform available through **nfumutual.co.uk**

When you access the online service you'll be able to see the value of any Select ISA, Select Investment Plan, Select Pension and Junior ISA investments.

For those products you'll be able to securely:

- stay up to date with your fund valuations
- view your correspondence
- hold multiple investments and see them in one place
- view money paid in or taken out.

Your security is our priority

As you'd expect, protecting our customers' data will always be our priority. We have robust security measures in place to ensure your personal data is protected and can only be accessed by you.

Other ways to monitor performance

You'll be able to find the views of our investment management team about the economy and how that impacts investment performance on our website. Also, you can find fact sheets for each of the funds we offer that are updated monthly.

As an investor with NFU Mutual, you can review your investments to ensure they are still meeting your needs with our Financial Advisers whenever you wish.

HOW WE INVEST YOUR MONEY RESPONSIBLY

Recent years have seen more focus on how investors' money works in a sustainable way. This is commonly referred to as **Environmental, Social and Governance (ESG)** investing.

ESG investing sees fund managers consider non-financial factors alongside the more traditional financial measures to build a picture of how a company makes a positive contribution. This could be to the environment, such as climate change, to society, such as working standards, or governance, such as executive pay. The aim is to foster positive change through the companies that a fund manager invests in on behalf of its customers.

When considering ESG investing, it is important to understand the approach your fund manager is taking. This goes a long way to understanding how your investments can influence global economic, environmental, and social impacts.

Our Environmental Social and Governance investment approach

- We take a responsible and integrated approach to ESG investing. This means that we incorporate ESG considerations directly into our investment process. We believe that by building and maintaining well-diversified portfolios of quality companies, we can target long-term investment growth and sustainability.
- We encourage companies to make a positive contribution towards key issues. We do not dismiss opportunities to engage with companies based on their overall strategic direction, or exclude 'non-green' sectors such as oil. Instead, we believe that engaging with companies and holding them to account can be a more effective contribution.
- We may decide to avoid companies and sectors which we deem to be the most harmful to society.
- Our fund managers are dedicated to investing our customers money in a sustainable and responsible way.

We are signatories to the Principles for Responsible Investment (PRI). Supported by the United Nations, the PRI is an investor initiative bringing together asset owners, investment managers and service providers. Signatories commit to six principles surrounding responsible investment and report their activities in this area.

Learn more about our approach to responsible investment in our Stewardship Code Report, which you can find on our website **nfumutual.co.uk**

Ready to start the conversation?

Then call us on **0800 622 323** or contact your local NFU Mutual agency office.

NFU Mutual Financial Advisers advise on NFU Mutual products and selected products from specialist providers. When you get in touch they'll explain the advice services they offer and the charges.

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.

If you'd like this document in large print, braille or audio, just contact us.

If you're hard of hearing or deaf, or you have difficulty with your speech, you can contact us by using the Relay UK app on your smartphone or tablet, or by dialling 18001 before our number on your textphone.

To stop us contacting you for marketing, write to Marketing Department (Do Not Contact Me), NFU Mutual, Tiddington Road, Stratford-upon-Avon, Warwickshire, CV37 7BJ or talk to your local agency office. To find out more about how we use your personal information and your rights, please go to nfumutual.co.uk/privacy

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