

YOUR GUIDE TO ISAs WITH IMPACT

Isn't Sustainability Amazing?



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This guide provides a roadmap for navigating your ISA journey while having an impact.

You'll find all the basics on ISAs, from rules to benefits and information on understanding the risks.

We'll also shine a spotlight on the Triodos Stocks & Shares ISA and range of available funds.

We've included some promotional information about products in this guide.

Please remember that this is not financial advice, and that with any investment your capital is at risk.

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WHAT IS AN ISA?

Navigating the different options available for saving and investing can sometimes be daunting, but ISAs are often where people start. Here are some frequently asked questions on what ISAs are and how they work.

Is an ISA for me?

The ISA, or Individual Savings Account, was launched at the turn of the millennium as an incentive to encourage anyone to save or invest in a tax-free account and as a way of making saving easier.

There are more ISA options these days, but the core idea hasn't changed. Future goals are important to our lives, and the pandemic has reminded us, in a big way, that rainy days do come, and we need to be ready. You can take your money out of an ISA at any time, although it may take time to sell any investments. And once you take money



by Iona Bain
Personal finance expert and author

out of an ISA, you can't reinstate it and you'll lose that portion of your ISA allowance. The exception is for flexible ISAs.

Is it complicated?

Think of the ISA as a box with several compartments, each is a different type of ISA account. One is for ready money saving; the others are for long-term saving and investing. As long as your money is inside the box, you won't pay tax on any interest, income or capital gains – remember, you've paid income tax on the money that you originally put

into the ISA already. There's a maximum amount you can put into the box in each tax year, which is £20,000 for the 2022/23 tax year. Whatever you put in can all be in one compartment or split between the different options in any way you like.

Why the different types?

A cash ISA is the compartment for money you may need to get your hands on at any time. It helps you make your cash work harder than if it was in a jar or under the mattress as you'll get interest on your money.

A Stocks & Shares ISA is a tax-efficient investment account where you decide which investments you want to hold. There's no tax on any income from your investments or any capital gains when you sell.

What is an IFISA?

It's an Innovative Finance ISA, which is the other investing option in the ISA box, alongside the Stocks & Shares ISA. It was introduced in 2016 to encourage alternative investments.

The Triodos IFISA, for instance, allows you to invest in pioneering organisations delivering positive change, and is designed to make environmental, cultural or social impact. Each investment has its own duration and risk level, but they are all for the

medium to long term.

This IFISA can be opened via the [Triodos crowdfunding platform](#).

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 mins to learn more at triodoscrowdfunding.co.uk/risk-summary-one

But isn't investing risky?

A Stocks & Shares ISA allows you to benefit from the long-term trends of the stock market. They show that the longer you are invested, the less risk you are actually taking and the better chance you have of making decent returns above the rate of inflation. There are no guarantees (for example these are not covered by the FSCS) and you should never invest money you can't afford to lose. But if you choose a fund, rather than picking individual company shares, you are spreading your risk.

The Triodos Stocks & Shares ISA, for instance, will offer you a choice of three funds at different risk levels.

In general, more adventurous funds expect to make higher returns, more cautious funds offer more security.

You could get your money out at any time, but ideally it should be tucked

away for five years or more.

Can I move my ISA money around?

Yes. You can transfer money from a cash ISA into an investing ISA and the other way round. You can transfer money from an ISA with one bank into the same type of ISA with another bank but watch out for any charges or conditions. If you withdraw the money from the ISA yourself rather than transferring it from one type to the other, the money that you withdraw will lose its ISA status. You can open a new ISA account in a new tax year with a new provider. But you can only have one of the same type of ISA active, with fresh contributions, in any tax year.

What does the money in my ISA do?

The money doesn't sit in a bank vault! In Cash ISAs, the money is lent out and the bank makes interest.

In investment ISAs, you can choose to invest the money in funds, shares or other investments offered by the ISA provider. These will go up and down in value and you could get back less than you invest. It's worth thinking about whether the available investments

align with your personal values as well as returns. For example, do you want to make sure that you're not investing in fossil fuels or tobacco?

This is another area that you might like to research.

What exactly are the tax benefits of an ISA?

When interest from your savings or returns from your investment rise above certain levels, decided by the government, you pay tax. With interest rates rising sharply in the last few months, more people are likely to pay more tax on their returns, bringing the benefits of ISAs sharply into focus.

By using your ISA allowance every year you can build up a tax-efficient pot of savings and investments over the long-term. It's also worth remembering that any government could decide to change the tax regime, and reduce the current allowances for personal savings, dividends, and capital gains.

So, it makes sense to plan ahead and use the ISA box, where your money definitely can't be got at.

About Iona Bain

Iona Bain is a writer, author, speaker, broadcaster and founder of Young Money, the first British website dedicated to young people's finances. She is a regular presence on TV and radio, and is quoted frequently in national and online press. In her book *Own It! How Our Generation Can Invest Our Way to a Better Future* (Harriman House) Iona aims to demystify savings, pensions and investing for a new generation.



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THE FIVE GOLDEN RULES OF ISAs



When some people start researching the benefits of our Individual Savings Accounts (ISAs) – which help to create a positive future for people and the planet - they can start to feel overwhelmed by the rules, acronyms, and exceptions of ISAs. If this sounds familiar, then read on.

Overall, it's important to remember that ISAs are fundamentally a way of saving or investing tax-efficiently, enabling people to make more of their money. So, no need to let jargon or acronyms stop your ISA journey before it begins.



by Hannah Duncan
Journalist and freelance
investment writer

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Here are the five golden rules of ISAs to live by:

1. You can save or invest up to £20,000 per tax year

Annually you can deposit up to £20,000 into an ISA. This money will benefit from some serious perks, such as zero income tax. Plus, no capital gains tax on investments.

But if you don't use it, you lose it. The £20,000 allowance re-sets every tax year and any unused allowance will not be carried over.

2. You can have more than one ISA

You can have more than one type of ISA and can split your £20,000 allowance across a Cash ISA, Stocks & Shares ISA, Lifetime ISA (£4,000 maximum) and an Innovative Finance ISA. If you have children resident in the UK, they will also have their own ISA allowance. This additional £9,000 allowance can be split across a Junior Cash ISA and a Junior Stocks & Shares ISA.

The best part is that you can mix and match to create a tax-efficient solution that's best for you.

But there's a catch! You can only pay in or open one of each type of ISA per tax year, so think carefully before choosing which one to open.

3. Despite the name, you can save and/or invest with an ISA

The name (Individual Savings Account) often causes confusion as it implies it's purely a way of saving money, but it isn't. It also applies to investment ISAs. These enable customers to invest either globally through impact investment funds or locally through the Triodos crowdfunding platform. It's important to remember that investment products carry more risk than savings.

4. It's easy to transfer ISAs

You're not locked into an ISA and that's key, as your financial planning requirements often change. You can even transfer a Cash ISA to an investment ISA, and vice versa. It's very straightforward to transfer to Triodos - just open your new ISA and then complete a transfer form. This will ensure you retain the tax benefits of your transferred ISA.

5. ISAs can reflect your values

It may seem hard to believe, but where you chose to save or invest your money can make a real difference to humanity and the environment. If your current ISA provider isn't putting the planet first, you might be ready to start again with an ISA that does.

SHINING A SPOTLIGHT ON THE TRIODOS STOCKS & SHARES ISA

We offer three impact investment funds for you to invest in through our tax-efficient Stocks & Shares ISA – all of which drive positive impact for society and the environment.

Within an investment ISA you can invest up to £20,000 per tax year, and there is no capital gains tax and no further tax on income generated. The benefits of an ISA depend on your individual circumstances and tax rules may change in the future.

Investments should be regarded for the long term (e.g. 5 years+) as they can go down as well as up in value and you may get back less than you invest. Investments are not covered by the Financial Services Compensation Scheme.

Features:

- ✓ Rigorous sustainability analysis, with strict minimum standards
- ✓ Invest lump sums from £250 up to £20,000 per tax year
- ✓ Choose regular monthly top-up investments, from £25 each month
- ✓ Easily transfer your existing ISA to our Stocks & Shares ISA
- ✓ Transparent charging



Triodos Global Equities Impact Fund

Invests globally in large well-established companies moving towards greater sustainability.



Triodos Pioneer Impact Fund

Invests globally in small and medium-sized companies pioneering the transition to a sustainable economy and society.



Triodos Sterling Bond Impact Fund

Invests in corporate, green and social bonds and UK government gilts.



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Shining a spotlight on the Triodos
Stocks & Shares ISA

WHAT MAKES TRIODOS INVESTMENTS UNIQUE?

30+ years of impact investing

Triodos Investment Management, the investment arm of Triodos Bank, has been providing impact investments for 30 years. With more than 750 direct investments across the globe, Triodos Investment Management has in-depth knowledge and expertise in making money work for people and planet.

Investing for people and planet

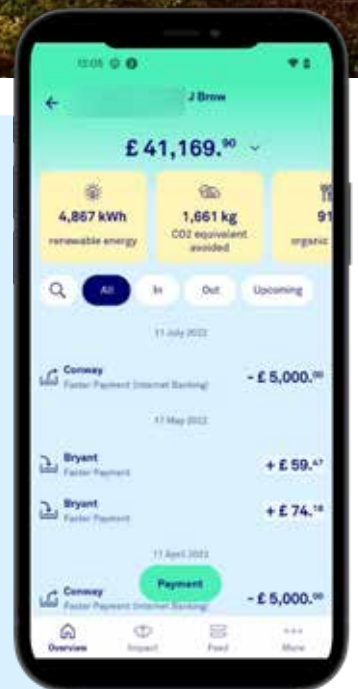
We believe investing should support a sustainable future. All the investments in our funds have been hand-picked by impact investing experts using a themed approach, which ensures they have a positive impact on society and the environment.

Investing for you

Triodos Impact Investments are award-winning. They work hard to deliver financial returns, providing an alternative to savings accounts. Please bear in mind that your capital is at risk and you may get back less than you invest.

Managing investments in the Triodos App

- ✓ **See the real impact of your investments.** You can see how the money you've invested translates to positive impact like emissions avoided, and water saved. Explore and learn how these are calculated.
- ✓ **Browse inspiring articles** at your fingertips. Read interviews with people and organisations we lend to, discover top tips for living more sustainably, and so much more.
- ✓ **Buy and sell directly** in the app. With a cash account for each of your investment accounts, you can add money you would like to invest, or withdraw money from any sale proceeds.
- ✓ **Invest from as little as £25 per month** and benefit from future growth in the stock market. Monthly investing can be a great way to smooth out the short-term ups and downs of your investment.





WHY INVEST WITH IMPACT?

Impact investing, including investing in a Stocks & Shares ISA, connects investors with innovative entrepreneurs and businesses working to create a better world.

Actively investing can pave the way to a positive future and here's a round up of reasons why investors have chosen to invest with impact.

To address global challenges

Pressures on the environment, the prospect of irreversible climate change, and a rising number of people who are denied the means to fulfil basic needs, require a fundamental change in the way we live and how we invest. There is an extraordinary opportunity to harness a growing wave of optimism

and awareness as more and more investors are looking for a long-term partner with whom to invest.

Long-term financial performance

Multiple studies show that in the long-term, the performance of impact investing offers either a similar financial performance or outperforms traditional investments, but with the addition of creating real value and adding to a better quality of life.

Direct investments in the real economy

Through impact investing, investors gain exposure to companies or projects that deliver tangible social or environmental benefits supporting the real economy.

Full transparency

Full transparency means knowing exactly where money is invested and and what it is doing. It advances accountability of fund managers and additional stakeholders, while promoting a new way of working in the financial industry.

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Interview | Meet Sunit

We spoke with Sunit
(a Triodos Cash ISA and
Stocks & Shares ISA customer)
about why he's chosen to save
and invest with Triodos.
Sunit lives in Brighton and has
been a customer since 2013.



Which fund have you invested in?

I've got a Stocks & Shares ISA, and invest in both the Global Equities Impact Fund and the Pioneer Impact Fund.

Why do you choose to invest with Triodos?

Because Triodos is a leader in ethical finance. Ethical finance is a diverse and growing sector and Triodos is a leader across lots of areas. I strongly identify with the company and I enjoy being an investor with them.

Why is it important for you to invest ethically?

I want my investments to work for people and planet. Not only do I not want my investments to facilitate the violation of human rights or destruction of the environment, but also I want them to have positive impact. I personally think it's not good enough to be neutral. I want investments that promote sustainable development and help reduce inequalities.

What attracted you most to the Triodos impact investment funds?

I wanted to invest in the stock market in order to diversify my investment portfolio, but I wanted to do so in an ethical way.

When I first started getting interested in ethical finance, I started saving advertisements and links. And then spent some time going through them all, investigating what different companies and organisations offered.

What impact has news and awareness of the climate emergency had on your investment decisions?

I've been quite mindful of the climate emergency since the 90s. I've worked in the international affairs sector for quite a while – as a professional since 2003 and for even longer as a volunteer. My awareness of global heating has certainly increased over the years, and I believe it's vital that the finance sector helps rather than hinders efforts to combat the climate emergency.

What sectors in society would you like your money to support the most?

Global poverty, human rights, peace and environmental sustainability to name a few.

I am a committed internationalist. In the UK specifically, energy, agriculture and housing strongly relate to the climate emergency and I'd like to see more investment options that help in those areas.



UNDERSTANDING RISKS

As individuals we take risks every day. For the most part we do these unconsciously, such as driving a car, riding a bike, or crossing a road. However, being consciously aware of taking a risk and trying to weigh up the pros and cons associated with it can be unnerving for anyone.

This can be the same for first time impact investors as, like any investment, it's different to putting your money into a savings account, because the value of your investment can go down as well as up. But while investment risk should always be taken seriously, there are things you can do to gain a better understanding of risk and what levels you may be comfortable with. A good place to begin is to ask questions of yourself, your money and, in the case of impact investment, what you're passionate about supporting.

Here's how many of our investors start their journey towards understanding impact investment risk:



by Roger Hattam
Director of Retail Banking, Triodos Bank UK

What are your short-term and longer-term money goals?

Mapping out your short-term and long-term goals is a great place to start. Once these are clear it's easier to understand what you'd want this investment to do, for example to generate a return to save for a big life event or for future financial security.

In addition, do you have savings that could support any short-term or unplanned costs? Due to the risk involved in investments, returns aren't guaranteed so it's important to have cash savings set aside as well.

What amount of money do you want to consider investing and for how long?

Next is identifying what money you can afford to invest and how long you'd be comfortable with it being invested. Our impact investments have been designed to be long-term – five years or more – so not suitable for those wanting short-term gains and access to their money.

While you can take your money out from our funds should you need to, investing for five years or more increases your chances of being able to ride out any short-term volatility in the market.

Be aware there is always risk associated with investing as investments can go up as well as down and you may not get your capital back.

What's important to me?

Broadly this starts with establishing the answers to questions like 'What are my values and how do I want to align my investment to those?'

This helps to be clear about which investments might appeal.

With regards to our impact investments these support globally listed companies which are moving towards greater sustainability, smaller listed companies that are pioneering in the field of sustainability and bonds or UK government bonds that support our impact themes.

Is this the right provider and do I understand the fees and charges?

When exploring the marketplace, you should look for a provider you trust and whose vision aligns with yours. This also includes understanding what your money would be invested in and for what purpose, the fees and charges involved, and clarity on what the expected impact is. These answers should always be very clear and don't be afraid to ask for more information if not. There has recently been a rise in investment fraud as well. And finally, does the provider understand the investment risks and opportunities involved with each underlying holding in the investment, to deliver the best possible management of investors' money?

Have I got other investments?

If you have other investments, some investors like to diversify their investments with impact investments. This helps to spread your risk by having a portfolio of investments with different risks associated with it. You might like to consider lower risk products like bonds if you hold lots of higher risk investments such as equity (also known as shares).

We always talk about all the risks associated with investments such as our Impact Investment Funds. These are always clear and there's supplementary information available under each fund page on our website.



FIND OUT MORE

Read our A-Z guide

If you'd like to learn more about investing, download our A to Z of Impact Investing, which gives more information about our funds and helps to break down some of the different terms used in impact investing.

Download guide:

triodos.co.uk/a-to-z-guide

Explore our global investments map

You can see where our funds are invested through our interactive global map and how each company is contributing to the UN sustainable goals.

Explore our map at:

triodos.co.uk/impact-investments/where-our-investment-goes

Want to get started with a Triodos Stocks & Shares ISA?

Visit:

triodos.co.uk/impact-investments

Get in touch:

 triodos.co.uk

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About Triodos Bank UK

Triodos Bank was founded in 1980 with the intention of providing sustainable financial products that enable individuals and organisations to use their money in ways that benefit people and the environment.

UK investment into our award-winning Triodos Impact Investment Funds has grown significantly in the last year and as one of the world's leading impact investors we're proud of our heritage and expertise.

Triodos Investment Management, the investments arm of Triodos Bank, is a driving force in the transformation towards ensuring a thriving planet for future generations. They have identified five key transitions for this transformation - the food transition, resource transition, energy transition, societal transition and the wellbeing transition. In the UK, our three funds deliver across these, with differing levels of risk and return.

Triodos  **Bank**

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