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Wesleyan Assurance Society

Wesleyan With Profits Growth Fund

July 2024

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Wesleyan Assurance Society

*“Gain all you can... Save all you can... Give all you can...”
Sermon 50: The Use of Money by John Wesley*

Wesleyan Assurance Society (Wesleyan) was formed in Birmingham in 1841. It is a mutual society which means that it does not have any shareholders, and this is a key aspect of the business, enabling it to focus on the needs of members and customers over the long term without the pressure to deliver short term gains to shareholders. Mutuals exist for their members who benefit from the services they provide. Today, Wesleyan has more than £7.6 billion of clients’ assets under management across the globe (as at 31 December 2023). The society has over 15,500 members.

In terms of financial strength, as at 31 December 2023, the Society’s capital coverage ratio stood at 322%. This represented a decline from 373% as at 31 December 2022 but it still indicates the considerable financial strength of the Society, and that it is able to withstand extreme events.

The Society’s Solvency Capital Requirement (SCR), which represents the capital required to cover a 1 in 200 year event, or a 99.5% probability of being solvent in 1 year time, as at 31 December 2023, remained aligned to the prior year.

In addition, 100% of the Society’s own funds are classed as Tier 1 capital, the category of the highest quality. The quality of capital is important, as the higher the quality, the more likely it will be available in an extreme event. Therefore, the Society significantly exceeds the requirement that at least 50% of the SCR which must be covered by Tier 1 capital.

Wesleyan’s target markets are professionals (specifically dentists, teachers and doctors), independent financial advisers and direct customers. Wesleyan has its own advisory firm working with professionals. In addition, in 2021 Wesleyan opened the With Profits Growth fund to the clients of third-party financial advisers/planners.

In 2017, Wesleyan established the charitable Wesleyan Foundation, to make a difference to good causes across the UK. Since its launch, the Foundation has donated over £5m to around 500 different organisations.

Product Development

With profits policies have long been synonymous with the UK life insurance industry, having originally been devised by insurance companies and friendly societies in the late eighteenth and early nineteenth century as a means of distributing excess profits to policyholders who were their members and effectively the owners of what were mutual companies.

Over time with profit funds became sophisticated vehicles for long-term savings, pensions and retirement income. They reached the height of their popularity towards the end of the twentieth century, accounting for around 42% of new life insurance business in 1985, according to the Institute and Faculty of Actuaries. In the twenty first century amounts invested in with profits funds decreased with total assets declining from approximately £426bn in 2001, to around £250bn in 2019 [Source: FCA].

These numbers reflect declining levels of customer demand for investment in with profits funds and the prevalence of funds closed to new business and in run-off, but the amount under management still represented about one-third of total unit-linked assets under management.

There are many reasons why With Profits investments fell out of favour, despite the fact that the concept is relatively straight forward and had served investors well for many years. In many respects it was a victim of its own success. The competition for market share amongst life offices led to some offices taking more risks than was perhaps justified by the investment mandate and setting bonus levels (particularly terminal bonuses which had become a greater proportion of overall returns) at too high a level, with the aim of making their products more attractive.

The 'smoothing' process of many offices struggled with the prolonged and significant losses on markets experienced in the early 2000s and policyholders wishing to surrender they policies early were hit by Market Value Adjustments which were effectively early surrender penalties. Taking too much risk particularly impacted weaker life offices, who were forced to sell equities at relatively low market levels in order to maintain their Free Asset Ratios. The lack of financial strength compromised the ability of some life offices to deliver strong returns over the longer term.

These factors taken together with the fact that With Profit funds were opaque, that is, it was very difficult for customers and even experts to understand what was going on within a fund or what the underlying investments held, made investors and advisers question their reliability, and turn towards alternative options.

Wesleyan has responded to these challenges in the market for With Profits by using their expertise to enhance their product range with a view to being able to meet the needs of investors in what is now a much more complex market for savers. They have been able to do this from a position of financial strength.

In 2019, Wesleyan (which has been providing with profit investments since 1916) began a review of their range of with profit options and one of the outcomes was to move away from the traditional method of delivering returns to investors through annual bonuses, terminal bonuses or market value reductions (MVRs) and introduce a more transparent method of single pricing which would be a much clearer method that investors could more easily understand. In order to achieve this change Wesleyan had to update its smoothing formula (see below for details) to enable daily pricing which would be more reactive in volatile market conditions whilst continuing to grow at a steady rate in more benign conditions. This laid the foundations for the with profit fund to be able to be traded on platforms and allow Wesleyan to open it up to the wider adviser market as a result.

Wesleyan recognised the role that this innovative and more accessible with profits offering could play in financial planning at a time when advisers needed more outcome orientated investment solutions and investors needed more resilient portfolios. As the fund would still be available as a life and pensions fund, it could be used as an investment solution within pensions/retirement planning and other ongoing aspects of financial planning.

In pensions pre-retirement planning, for example, there is a market for long-term investments which exhibit a relatively lower level of volatility (particularly as investors approach retirement) and in retirement there is a greater need for outcome focused investing, particularly given the risks associated with decumulation investing (i.e. taking withdrawals from a pension portfolio). The risks being

particularly high in declining and volatile markets. In a declining market 'pound cost averaging' becomes 'pound cost ravaging'. In addition, as part of post-retirement planning, there is the need to provide some protection against inflation which diminishes the purchasing power of money.

Wesleyan With Profits Growth was launched on the Novia platform (now Wealthtime) in July 2021, and at the time of writing has seen £175m gross inflows since launch (contributing to the overall fund size of £4.56bn). The fund is now available on both the Nucleus wrap and the abrdn wrap platforms with others expected follow in due course.

As a life and pensions fund, the fund can be accessed in ISA, JISA and SIPP wrappers on platform without restriction – trades into and out of the fund can be made on a daily basis and there are no holding periods or similar notice periods on exit.

Smoothing for Fair Value

The aim of the smoothing process in the long-term is to provide investors with a similar level of performance to the underlying holdings but make the journey a lot smoother as investors are considerably less exposed to daily market price movements.

The daily smoothing formula employed by Wesleyan is designed to be more reactive in volatile market conditions and grow at a steady rate in more benign conditions. The smoothing formula was tested on actual portfolio investment data from 1986 to 2019, calculating payouts for every possible combination of entry and exit in this time period (c.39 million combinations).

To target fair payouts for Wesleyan's investors, they looked at the proportion of payouts falling within 85%-115% of the underlying value, with 99.3% of all possible payout combinations falling within this window (only 0.1% fell below 85%). March 2020 and the Covid crash then provided them with extreme market conditions on which to test the formula. The formula reacted as intended, reducing the smoothed price as needed where severe falls in the underlying assets occurred, but doing so in a smoothed manner.

Prior to the implementation of the new smoothing formula, Wesleyan sought (and got) approval from the Prudential Regulation Authority (PRA). This process involved sharing the full formula with them, as well as their test results, to make them comfortable that the new smoothing formula would result in fair payouts to investors and would not lead to large smoothing losses or profits in the long term.

The old fashioned 'smoothing' process contributed significantly to the opacity of With Profits. The new process employed by Wesleyan should assist investors in understanding their product so that they are in a better position to make informed decisions.

Fund Overview

The aim of the Wesleyan With Profits Growth fund is to provide capital growth over the medium to long term by investing in UK and international equities, bonds, property, cash and other related investments whilst avoiding sharp rises and falls by 'smoothing' returns over the investment period.

The target market for the Wesleyan With Profits Growth fund is for outcome orientated, relatively cautious investors seeking investment returns from a product that exhibits a relatively low level of volatility. For example, it could have a significant role in retirement planning, to reduce risk in the run-up to crystallisation and manage sequence risk in decumulation, and more generally where investors are looking for lower volatility solutions.

Investment Management Team

The With Profits Growth fund is managed in-house by Wesleyan's investment team, which is made up of fund managers, property managers, investment analysts, a dedicated sustainable investment team and support staff.

Wesleyan sets great store by its in-house team which is entirely focused on managing investor assets. The mindset is to invest for the longer term, in a sustainable and responsible manner, regardless of the asset class rather than actively trade investments.

Martin Lawrence – Director of Investments

Martin is responsible for overseeing the management of all Wesleyan funds and the in-house investment team. He joined Wesleyan in 1995 as an Investment Analyst and has over 20 years' experience as a fund manager, which includes managing the With Profits Fund.

Marc O'Sullivan – Head of Investments and With Profits Growth Fund Manager

Marc became a fund manager in 2012 and has since taken charge of Wesleyan's With Profits Growth fund and several others. He manages investments across asset classes, investing directly in UK and overseas equities, government and corporate bonds and cash.

He joined Wesleyan as an Investment Analyst in 2003. He is a CFA charterholder and has a degree in Economics from the University of Birmingham.

Joe Curlett, MRICS – Head of Property

Joe is responsible for all aspects of Wesleyan's commercial property investments. He maintains a portfolio of properties located throughout the whole of the UK and is supported by a team of Property Asset Managers. He has a degree in Estate Management and is a chartered surveyor and member of the Royal Institution of Chartered Surveyors (MRICS). He previously worked as an asset manager for a well-known UK property company and for several property consultants, providing advice to landlords.

Other members of the Property Team include Peter Millyard, MRICS., Tom Holland, MRICS., Mitchell Spencer, MRICS., and Morgan McKenzie.

Lucas Howarth, CFA –Sustainable Investment Lead

Lucas joined Wesleyan over 15-years ago, straight out of university. He now heads up Wesleyan's Sustainable Investment team as the Sustainable Investment Lead. The team focuses on incorporating sustainability issues into their investment process and ensuring the responsible management of investors' money. He oversees all aspects of the team's work, including research, customer communications, company engagement and voting. He is a CFA charterholder and holds the CFA's Certificate in Environmental, Social and Governance Investing.

Other members of the Sustainable Investment team include Sustainable Investment Analysts, Max Reid and Lara Vincent.

James Hubbard, CFA – Investments Research Manager

James joined Wesleyan as an investment analyst in January 2011, moving on to become a Fund Manager from 2016-2024. He currently leads the Investments Research team which includes a team of investment analysts. Prior to joining Wesleyan, he worked for a corporate bank in London. He obtained a BA in Economics and Business from the University of Manchester, and he is a CFA charterholder.

Fund Managers

Caroline Vincent, CFA

Caroline joined Wesleyan as a fund manager in 2021. She had gained previous industry experience from several senior fund management roles at other investment houses. Specialising in equities – with experience covering both developed and emerging markets – she currently manages Wesleyan’s UK Growth fund and the Wesleyan Life Managed fund. She has a degree in Economics from Thames Valley University and is an Associate of the Chartered Financial Analyst (CFA) Society of the UK.

Alistair Way

Alistair joined Wesleyan as a fund manager in 2024, overseeing the Pensions Managed fund, the International Growth fund and the Moderate-High Risk/Reward Income fund. With experience in senior fund management and team management, he focuses on the technology sector, global emerging markets and the integration of sustainability factors into the investment process. He is an IIMR (Institute of Investment Management and Research) holder and has a degree in Economics from Cambridge University.

Nikesh Patel, CFA

Nikesh joined Wesleyan as an investment analyst in 2014, primarily researching UK and international companies. In early 2024, he became a fund manager and is now responsible for selecting and monitoring the external funds held within Wesleyan’s life and pension product range. He has a master’s degree in mathematics from the University of Birmingham and became a CFA charterholder in 2018.

David Carbery, CFA

David joined Wesleyan in 2016, after graduating from Strathclyde University with a degree in Finance. He is a CFA charterholder. Having spent eight years as an investment analyst, working alongside fund managers recommending and buying and selling stocks, while researching UK and international companies. In early 2024, he became a fund manager and is now responsible for the management of the Wesleyan Estate fund.

Investment Analysts

Thomas Ireland

Tom joined Wesleyan in 2020 as an investment analyst, after graduating with a BSc in Economics from the University of Birmingham. His role involves identifying and monitoring global equities in order to make investment recommendations to the fund managers. He specialises in the travel, leisure, and food/household product consumer staples sectors.

Abdul Youssef, CFA

Abdul joined Wesleyan in 2019, after graduating from the University of Exeter with an MSc in Finance and Investments. He is now an investment analyst and specialises in healthcare and chemicals. His role involves identifying and monitoring global equities and making recommendations to fund managers.

Saffron Hill

Saffron joined Wesleyan in 2022 after graduating from the University of Exeter with a BA (First Class honours) degree in Politics, Philosophy and Economics, following a spell leading a business development division within an international development consultancy. She specialises in the business services, automotive, telecoms and construction sectors, supporting the fund managers with her investment recommendations.

As detailed earlier, the Sustainable Investment team (led by Lucas Howarth, CFA) ensures that Wesleyan's managed funds meet the sustainability requirements as detailed in its Sustainable Investing Policy. The policy sets out the three core principles of their approach: Responsible Screening, Positive Contribution and Active Engagement.

Investment Process

Wesleyan believes in sustainable and responsible investing, at attractive valuations, to deliver competitive long-term returns for investors. The longer-term perspective leads to a relatively low level of turnover across the portfolio. Risks are managed through diversification. The aim is to maximise returns through rigorous fundamental analysis by a highly experienced and collegiate investment management team.

At the forefront of the process is Wesleyan's commitment to sustainable and responsible investment.

As a managed life and pensions fund, Wesleyan With Profits Growth does not fall within the scope of the FCA's Sustainability Disclosure Requirements (SDR) at present and it should not be seen as a sustainable investment fund in that context. Although Wesleyan is clearly committed to 'sustainability', this is a mainstream With Profits fund that has integrated sustainability into its investment process. We would not classify the fund as being an SRI fund although it is possible that it could become one in the future.

Sustainable Investment

When analysing the sustainability of a company’s operations, in addition to its financial performance, Wesleyan also takes environmental, social and governance (ESG) factors into account. They see this as being part of their heritage as a mutual and as part of their role as signatories of the UN-sponsored Principles for Responsible Investment (PRI) and Climate Action 100+, an organisation focused on ensuring the world’s largest greenhouse gas emitters take necessary action on climate change.

Wesleyan, as an organisation, were committed to be operationally net carbon neutral by 2023 (an objective they achieved) and to transition to net zero by 2050. The mutual’s Sustainable Investing Policy aligns the fund managers to Wesleyan Group’s stance by requiring them to seek to invest in a sustainable and responsible manner by means of a clearly defined process. It does this by applying the three principles of ‘responsible screening, ‘positive contribution’ and ‘active engagement’, which they require their fund managers to adhere to:

- Responsible screening - the first principle contains a list of clear exclusions.
- Positive contribution - the second principle requires directly managed funds to hold at least 10% of their equity and corporate bond exposure in companies meeting a range of themes which seek to improve the environment or society.
- Active Engagement - describes engagement and stewardship themes that the Investments Team are expected to prioritise.

This policy has been built based on customer feedback and is reviewed annually.

Each principle has various rules associated with it, such as the type of business the team can invest in and the exclusions they must adhere to. The scrutiny of ESG factors helps highlight any specific opportunities or risks relating to the sustainability of a company or industry that may not be immediately apparent when looking solely at financial performance.

Responsible Screening

The aim is to ensure that Wesleyan will invest the money of their members or customers in businesses committed to reducing the negative impact they may have on people, communities and the environment.

Area	Exclusions
Tobacco	Companies that derive any turnover from the manufacture of tobacco products
Alcohol	Companies that produce alcohol without a responsible drinking policy
Weapons	Companies that are involved in the production of cluster munitions, biological weapons, chemical weapons, non-detectable fragments, incendiary and blinding weapons, depleted uranium munitions, or landmines.
	Companies that derive more than 5% of revenue from the production of nuclear weapons
	Companies that manufacture civilian firearms or derive more than 5% of revenue from the retail of civilian firearms.

Climate Change	Companies that extract and produce oil and gas but do not have comprehensive public plans to reduce the climate impact of their operations, nor a commitment to be carbon net zero by 2050.
	Companies that derive more than 5% of revenue from unconventional oil and gas production and extraction (including oil sands, oil shale, shale gas, coal seam gas and coal bed methane).
Social and harmful materials	Companies that derive more than 5% of revenue from the production or sale of adult entertainment.
	Companies that derive more than 5% of revenue from the provision of predatory lending activities (defined as high-interest sub-prime lending).
	Companies with more than 5% of revenue from gambling related activities.
Environment	Utility companies producing electricity from coal-fired power stations, without a credible plan to reduce this to nil by 2030. They also exclude utility companies planning to construct coal-fired power stations.
	Companies that invest speculatively in commodities that add to price inflation. This doesn't include companies using derivatives to help reduce risk exposures.
	Companies that produce paper products from unsustainable sourcing of timber linked to habitat destruction.
Animals	Companies from the pharmaceutical industry that don't adopt the three Rs in their animal testing: replace, refine, reduce
	Companies that are involved in the production of animals, but do not have robust policies and systems in place to uphold good standards for breeding, rearing, transport, housing and slaughter.
Sanctions	Debt from governments that are subject to broad sanctions and fail to respect human rights (as published by the UN or UK Government).
Property	They will only buy new property with a D or higher energy efficiency rating, except where they have a clear and deliverable plan to improve an energy rating to at least D. If existing properties cannot be improved to this level over time, they will be sold.
	They will only permit new tenants to lease their commercial properties if they align to their reducing harm principle.

Positive Contribution

Wesleyan believe investments have the power to do good in the world, which is why they invest in companies that are actively involved in improving the environment, society and people's lives.

Themes	Detail
Climate change	Companies reducing pollution and energy waste through innovative products and services, as well as environmentally conscious assets.
	Companies investing in creation of infrastructure or creation of green energy or transitioning their business to green energy.
Health and well-being	Companies that invest in the advancement of medical health, including manufacture and provision of pharmaceuticals and medical innovation.
	Companies that enhance human well-being through better provision of nutrition, hygiene, and access to educational services.

Social equality	Companies that support sustainable cities and communities through affordable housing, mass transit and other investments that promote social development or mobility.
Environment	Companies whose core operation is to protect, restore and promote sustainably managed forests to halt biodiversity loss.
	Companies whose core operation is to reduce land pollution by recycling, waste reduction and waste management.
	Companies whose core operation is involved in waste demand management, wastewater treatment and pollution control, as well as water infrastructure companies.
	Food companies with a growing proportion of plant-based products and climate neutrality budget.

Active Engagement

Wesleyan work with other companies and like-minded investors to drive positive change within the businesses they invest in, encouraging them to take steps that improve their sustainability and achieve better outcomes for the environment and society.

Themes	Detailed engagement criteria
Climate and environment	They will lead engagement with high carbon industries such as utilities, mining, and oil and gas, to support the transition to lower carbon emissions and environmental impact.
	They will lead engagement with companies to ensure they are minimising their water usage, maximising recycling and restoring biodiversity within their operations.
Equality and diversity	They will encourage and engage with companies to promote equality and inclusiveness, and in doing so, meet the following criteria: <ul style="list-style-type: none"> Promote all forms of diversity, and provide greater opportunities for women and minorities, at all levels of the organisation. Adopt more transparent tax strategies.
Business conduct	They will engage with companies where any of the following failings have occurred, or where their policies or controls leave them open to any of the following: <ul style="list-style-type: none"> Failure to comply with local or national working conditions, or more stringent codes of conduct, to ensure compliance with local laws covering child labour, working conditions, and health and safety. Failure to meet UN standards on human rights, labour, environment and anti-corruption (UN Global Compact). Activities that clearly infringe or are complicit in infringing on international agreements (such as the International Bill of Human Rights). Repeated and significant violations related to bribery and corruption. A pattern of fundamental regulatory breaches, a track record of unfair or inappropriate practices towards customers, or where management has failed to take effective measures to respond to incidents of misconduct and/or unethical behaviour.

Asset Allocation & Stock Selection

At the highest level, the fund will be invested 63-77% in equities and property and 23-33% in fixed interest and cash.

The fund was overweight in equities and property during the period post the global financial crisis (GFC) when interest rates remained artificially low and central banks engaged in quantitative easing to avoid the global economy falling into recession. Since the US Fed indicated that interest rates were likely to fall in 2024, the managers have increased the portfolio's exposure to fixed interest (primarily gilts). Bond yields rose significantly and the return of reasonable levels of income made fixed income a more investible asset, without even considering the possibility of capital gains as interest rates and the shape of the yield curve normalises. This represented a strategic shift in the asset allocation which reflects the long-term focus of the process and how it feeds through into portfolio construction.

The team's focus their research primarily on large cap stocks in developed markets, which the managers see as being the cornerstone of the fund and will, in the longer term, outperform other asset classes. The global reach of large cap stocks and the wide range of sectors in which they are located, provides diversification. Currency hedging is not undertaken by the team.

For the most part, the fund invests directly in equities, but they have the option of using collectives (closed-ended funds) in more volatile and less liquid markets where they do not have the required expertise to comprehensively cover the stock universe (i.e., mid-cap and smaller companies, and global emerging markets).

In fixed income, again the focus is on holding assets for the longer term and not looking to capitalise on making short-term tactical moves to benefit from trading actively. In terms of assets, the focus is on sovereign debt and corporates with a credit rating of BBB- or better. Most of the bond allocation is invested in sovereigns in the local currency. The managers have the option to invest in high yield bonds, but the exposure will always be relatively limited compared to investment grade issues.

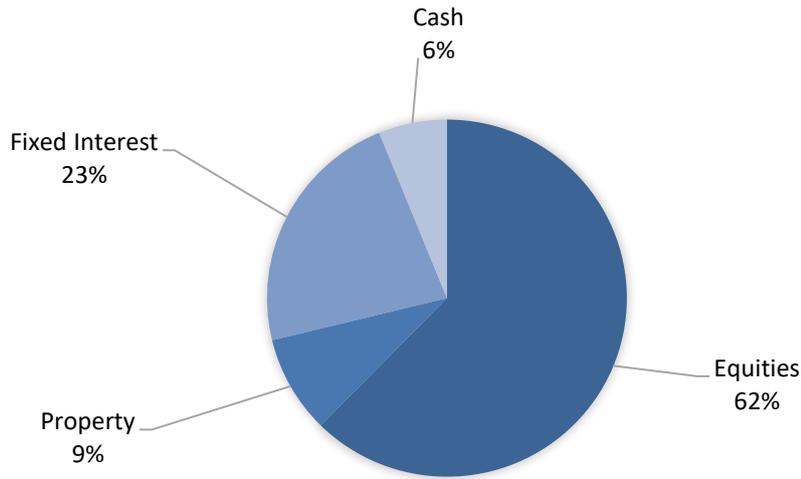
The property element of the fund is managed internally by Wesleyan's well-established property team. The team maintains a well-diversified portfolio of properties across a range of sectors and assets. They tend to invest in high quality freehold or long leasehold assets let on strong covenants. Sales are considered where the unexpired term on a lease is relatively short, where it is felt that there are limited prospects for future growth, or where an exceptional return can be achieved. The fund has the scale to own a diversified portfolio of properties without taking on too high a level of liquidity risk. REITs and other funds can be used, if appropriate.

Wesleyan has modest exposure to alternative asset classes. The exposures they have are mainly in infrastructure investments and private equity. In terms of infrastructure, the fund uses collectives (investment trusts) for exposure, as they do not believe that they have the scale to build a portfolio of direct investments.

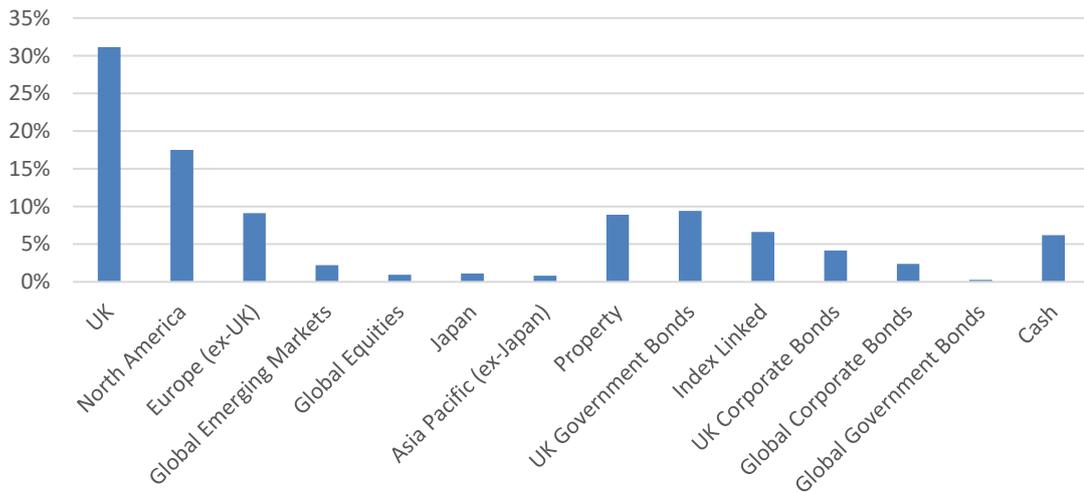
The managers do not buy derivatives or similar instruments as part of the investment strategy.

Current Fund Positioning

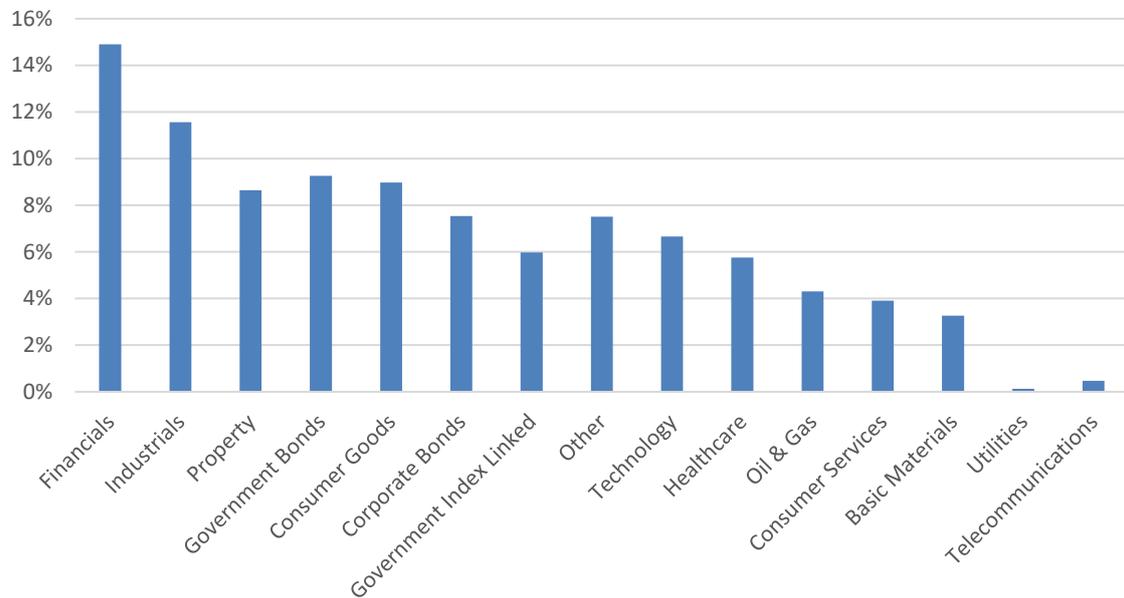
Asset Allocation as at 30 April 2024



Asset Allocation by Region (Equities) and Other Asset Classes as at 30 April 2024



Sector Allocations as at 30 April 2024



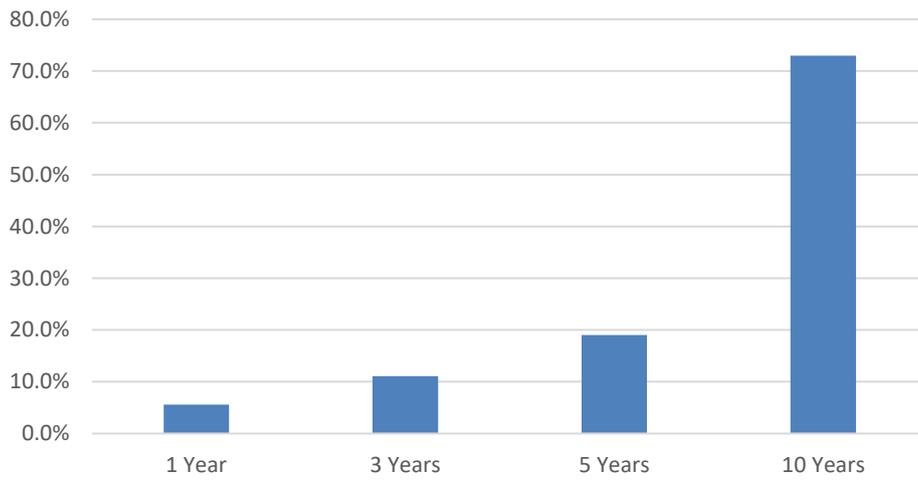
Top Ten Equity Holdings as at 30 April 2024

Name	%
Royal Dutch Shell	2.45%
AstraZeneca	2.21%
Ferguson	1.66%
3i Group	1.42%
Diageo	1.41%
BP	1.32%
Rio Tinto	1.32%
Microsoft	1.19%
GlaxoSmithKline	1.17%
HSBC Holdings	1.15%

Performance

Wesleyan With Profits Growth Series

Smoothed Fund Performance



Cumulative performance to 30 April 2024 (Source: Wesleyan, Internal Figures, net of AMC)

Annual Performance to 30 April

	2024	2023	2022	2021	2020
Wesleyan With Profits Growth Series A	5.66%	-1.25%	6.24%	17.66%	-0.99%

(Source: Wesleyan)

Summary & Evaluation

Wesleyan With Profits Growth combines a traditional approach to managing a With Profits fund (having a clear focus on long-term investing with a strategic asset allocation and investing in high quality assets whilst avoiding short-term noise), with a fair value approach to determining the allocation of bonuses, and a desire to meet the needs of today's investors who are looking for solutions to specific challenges.

The strategic asset allocation provides a stable risk/reward framework within which the fund is managed. It helps the managers keep turnover low, reducing costs and reducing the temptation of managers to chase short-term returns.

Whilst With Profits funds served investors well for over a century, towards the end of the twentieth century, they had become more complex products and hard to understand, particularly as 'smoothing' mechanisms were challenged in difficult markets which also compromised the financial strength of some life offices. The popularity of With Profit funds faded as investors began to favour more transparent multi-asset funds, the returns from which were easier to understand.

In 2019, Wesleyan began a review of their range of With Profit options and the most significant outcome was to move to a more transparent method of single, daily pricing, that investors could more easily understand. The new formula also specifically targets ensuring that the payments to investors are fair, as daily smoothing is designed to be more reactive in volatile market conditions and grow at a steady rate in more benign conditions.

Another significant outcome of the review was to enable Wesleyan to widen the With Profits offering, facilitating the development of Wesleyan With Profits Growth and enabling the fund to be available on platforms and consequently be accessed in ISAs, JISAs and pensions wrappers without restrictions – trading on a daily basis with no notice periods or penalties on exit.

As it stands, Wesleyan With Profits Growth is suitable for moderately cautious investors requiring capital growth from a fund that exhibits a relatively low level of volatility. The smoothing process is designed to enable investors to benefit from the long-term returns available from a multi-asset fund with a relatively low level of volatility on an ongoing basis.

It could be particularly useful for investors in the de-accumulation phase of pension scheme investing. The smoothing process provides a degree of protection for investors taking regular withdrawals from their pension portfolios.

Whilst investors can benefit from 'pound cost averaging' when steadily building their pension portfolio over time, perhaps through monthly contributions paid out of their salary, when it comes to drawing down funds from the portfolio in retirement, regular withdrawals of a specific amount can have the opposite effect. This is usually referred to as 'pound cost ravaging', in that in falling markets investors could be cashing in units when asset prices are low and falling. The very opposite of the benefits of buying assets when prices are low.

By investing in a broad range of assets, the Wesleyan With Profits Growth fund can also provide some protection against inflation which reduces the purchasing power of money over time.

There are few products on the market which are comparable to the Wesleyan With Profits Growth and the fund now has an established track record which demonstrates that it is achieving its objectives.

The day-to-day fund management is undertaken internally by a strong team who are entirely focused on managing money. They play to their strengths and use funds managed by third parties where appropriate.

Wesleyan With Profits Growth is an innovative product which is widely available to investors who are relatively cautious, in that they do not want to experience equity-like levels of volatility on a daily basis but who also require healthy levels of return.

It could, for example, have a significant role in retirement planning, to reduce risk in the run-up to crystallisation and manage sequence risk in decumulation.

Stephen O'Mara, Chartered FCISI
Investment Research Manager
RSMR
July 2024

About Us

Established in 2004 RSMR provides research and analysis to firms working across the UK's personal financial services marketplace.

Our work is completed with total impartiality and without any conflict of interest and delivered to a high professional standard by a team of experienced and highly qualified people.

Working with advisers

We provide specialist research, analysis and support to a diverse range of financial advisers and planners helping them to deliver sound advice to their clients backed by rigorous and structured research and due diligence.

The main regulatory body in the UK, the FCA, states that personal recommendations made by advisers should be 'based on a comprehensive and fair analysis of the relevant market' and this has led to closer scrutiny of the whole advice process. Our solutions are designed to help advisers meet these challenges whilst recognising that advisory firms require a range of flexible options that best meet their own business needs and those of their clients.

Working with providers

We work with all the leading fund groups, life and pension companies and platform operators across the financial services sector offering straight forward and pragmatic advice to help add value and improve their business performance and efficiency whilst treating customers fairly in line with FCA requirements.

Ratings

Our innovative range of ratings are now recognised as market leading and cover a broad area of investment solutions including single strategy funds, SRI funds, Multimanager and multi-asset funds, and investment trusts. Our familiar 'R' logo is now recognised as a trusted badge of quality by advisers and providers alike and a 'must-have' when selecting funds. Our ratings are founded on a strict methodology that considers performance and risk measures but places a greater emphasis on the ability of fund managers to continue to deliver performance in the years ahead based on our in-depth face-to-face meetings with fund managers across the globe.

We understand financial services and we will work alongside you to deliver tailored solutions that are right for your clients and your business.

We are: Experienced. Professional. Trusted.

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