

TALKING POINTS – MAY 2025

Helping clients stay invested even when markets are volatile



In an era of heightened uncertainty, the Wesleyan smoothed With Profits Growth Fund offers a proven smoothing mechanism that can help clients stay committed to their financial plans. Backed by Wesleyan's investment heritage and designed for accessibility via platforms, it's a valuable tool for financial planning in volatile times.

Recent developments – from global uncertainty to shifting economic policies – have contributed to sharp market movements and an increase in client anxiety. Research shows that 91% of advisers expect more volatility in 2025, with many concerned about the impact on investment behaviours.

Against this backdrop, the Wesleyan smoothed With Profits Growth Fund offers a systematic daily smoothing process that reduces the noise and supports consistent outcomes. Whether clients are accumulating wealth or drawing an income, smoothing helps manage emotional responses and maintain discipline through market cycles.

WHICH CLIENTS COULD BENEFIT FROM SMOOTHED FUNDS?

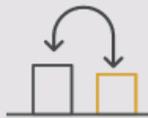
Smoothed funds like the Wesleyan smoothed With Profits Growth Fund can support a wide range of clients across different life stages and investment needs:



Cautious investors who want to grow their wealth but feel nervous about stock market fluctuations.



First-time investors who are building confidence in markets and may need a softer entry point.



Clients approaching or in retirement who need stability when drawing income and are concerned about sequencing risk.



Clients seeking inflation protection who want access to real assets but with lower short-term volatility than a typical multi-asset fund.



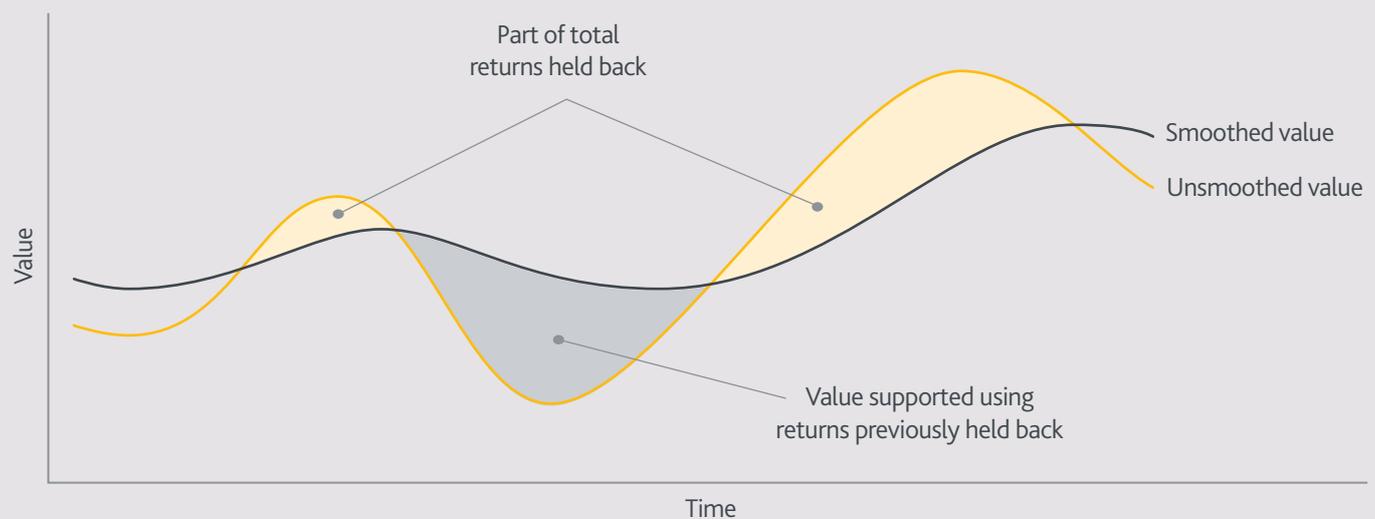
Clients invested in traditional cautious funds that aren't performing well compared with their benchmarks.

A smoothed fund offers a stepping stone into investing and can play a valuable role in building trust and long-term commitment.

HOW DOES SMOOTHING WORK?

Smoothing spreads out returns over time rather than exposing clients to the full impact of every market rise or fall. When the fund performs strongly, a portion of the gains is held back. These reserves are then used to support the unit price during weaker market periods. This approach can reduce volatility in the value of a client's investment, supporting more stable outcomes. For accumulation clients, it helps reduce the temptation to de-risk prematurely. For those drawing income, it can help avoid crystallising losses in a downturn – a key concern under Consumer Duty.

While not risk-free, smoothing makes the investment experience more predictable, supporting better decision-making and reinforcing client confidence in the plan you've built together.



— The smoothed value shows actual payout taking into account smoothing.

— The unsmoothed value shows the underlying assets in your investment based on the fund's

WHY SMOOTHING IS BACK ON THE AGENDA

As the FCA's chief executive Nikhil Rathi noted in a recent speech, we've entered an era of "predictable volatility" where market disruptions are not just more frequent but expected. With market reactions amplified by algorithmic trading, investor sentiment is increasingly shaped by headlines rather than fundamentals.

The Wesleyan smoothed With Profits Growth Fund is specifically designed to address this challenge. By holding back some investment gains in strong markets and using them to cushion falls during downturns, the fund offers a smoother return profile – supporting long-term objectives and behavioural consistency.

HOW THE FUND SUPPORTS EFFECTIVE FINANCIAL PLANNING

Backed by over 180 years of experience and managed by an award-winning team, the Wesleyan smoothed With Profits Growth Fund is built to support holistic advice. It can help advisers:

- **Support accumulation goals.** By reducing the emotional impact of volatility, smoothing can help clients stay invested over the long term – especially first-time investors.
- **Provide sustainable income.** For those in decumulation, smoothing helps manage sequencing risk and enables more stable income withdrawals.
- **Deliver real-terms growth.** The fund targets long-term growth to help counter inflation, offering a diversified solution that complements multi-asset portfolios.

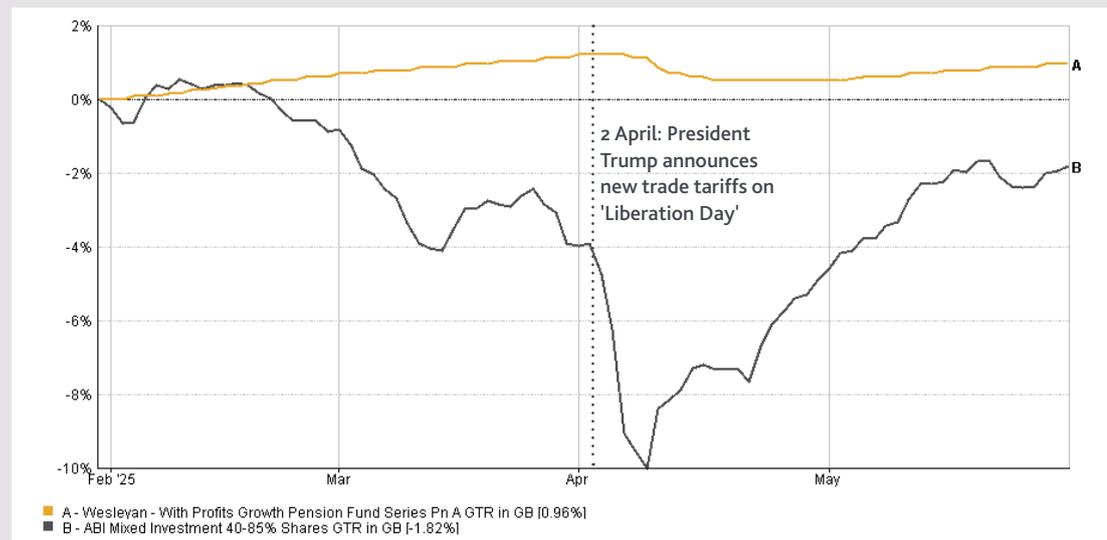
HOW ADVISERS USE THE FUND IN PRACTICE

Wesleyan's research and adviser roundtables show that smoothing is becoming a go-to strategy for managing client anxiety and planning conversations:

Anna, Chartered Financial Planner. Anna used the fund to help a retiring couple create a reliable income stream. They were concerned about market turbulence impacting their drawdown strategy. With smoothing in place, Anna was able to offer a more consistent income while reducing the need for reactive portfolio changes.

THE SMOOTHED WITH PROFITS GROWTH FUND IN ACTION

This chart shows how the fund has delivered smoother returns compared to a typical mixed investment benchmark. While other funds may rise and fall more sharply, Wesleyan's smoothing approach helps provide a steadier experience – helping clients stay invested with confidence. By holding back some of the returns in good times and using those reserves to support the fund in tougher times, the fund helps cushion savings against short-term volatility. This steadying effect can support long-term outcomes and help maintain client trust and reliable income streams through changing market conditions.



Source: FE fundinfo 31/01/2025 to 30/05/2025. Past performance is not a reliable indicator of future performance.

James, Independent Adviser. James has found the fund particularly useful for cautious first-time investors. One client wanted to start building wealth but was wary of market exposure. The Wesleyan smoothed With Profits Growth Fund provided an accessible entry point, helping the client gain confidence and stay invested.

Leila, Wealth Manager. Leila includes the fund as part of a diversified centralised retirement proposition (CRP) for clients approaching retirement. It acts as a buffer alongside equity exposure and guaranteed income products, allowing her to tailor risk levels more precisely.

These case studies are for illustrative purposes only based on typical client scenarios.

YOUR PLANNING TOOLKIT – MADE STRONGER

In today's market conditions, clients value reassurance and resilience. The Wesleyan smoothed With Profits Growth Fund can help smooth outcomes and support better long-term behaviours. It's available via platforms and designed for seamless integration into your centralised investment proposition (CIP) or CRP.

For technical specifications, pricing details or to arrange a deeper product session, contact your local Wesleyan Regional Sales Manager at www.wesleyan.co.uk/intermediaries/contact-us

Please remember the value of investments, and any income, can go down as well as up and you may get back less than you invest.



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