

HOW OUR WITH PROFITS FUND WORKS

For Plans and policies where premiums are used to buy units.

This means Plans and policies that can invest in any of the following funds:

Wesleyan Life With Profits Fund

Wesleyan With Profits ISA Fund

Wesleyan With Profits Pension Fund

WESLEYAN

we are all about you



ABOUT THIS DOCUMENT

This document explains our With Profits Fund, which several of our products invest in. The aim of the fund is to provide capital growth while reducing the impact of the ups and downs of the stock market through a process known as smoothing. Please keep this document with the information about your Plan.

WHAT DOES THIS DOCUMENT COVER?

This document provides a summary of Wesleyan Assurance Society's With Profits Fund. It explains how the fund works for the products listed under 'Who should read this document' below.

This document does not provide details of the product you may have with us. That information is in the Key Features Document and the Plan or Policy Document. These are available from your Wesleyan Financial Services Specialist Financial Adviser or by contacting us using the details on page 9.

For information about products open to new customers, you can also go to the appropriate product page at www.wesleyan.co.uk.

Your investment may consist of a policy or collection of policies, which your product documentation may refer to as a 'Plan'. In this guide, we use the word 'Plan' to refer to a with-profits investment you hold in one of the products covered by the guide.

WHO SHOULD READ THIS DOCUMENT?

If you have invested, or are considering investing, in our With Profits Fund through one of the Wesleyan products shown below, this booklet is for you:

Products available to new and existing customers:	Products no longer available:
Wesleyan With Profits ISA	Select Investment Bond*
Capital Investment Bond*	Select With Profits Bond*
Flexible Savings Plan*	Lifetime Account Plus*
Wesleyan Personal Pension Plan	Fixed Term Savings Plan*
Wesleyan Staff Group Personal Pension	Pension schemes where contributions are used to buy units, including Retirement Accounts and FSAVCs.*

*Including Medical Sickness Society branded versions of these products sold since 1997.

DOCUMENTS FOR OTHER TYPES OF PRODUCT

This document does not cover all of our products. Some products have access to our With Profits Fund, but are covered by other documents:

Type of Product Held	Document to Read
Investments in the Wesleyan With Profits Growth Fund or Wesleyan With Profits Growth Pension Fund through a third-party Stocks & Shares ISA or Self Invested Personal Pension	How Our With Profits Fund Works (for investments made through financial intermediaries).
Older style products where premiums are not used to buy units, also called 'conventional with-profits' products, for example endowments, older whole of life policies, or older pensions	How Our With Profits Fund Works (for policies where premiums are not used to buy units).
Policies purchased from the Medical Sickness Society before the transfer of business to Wesleyan in July 1997	How Our With Profits Fund Works (for policies purchased from Medical Sickness Society before July 1997).

The three documents above can be found on our website at www.wesleyan.co.uk/savings-and-investments/with-profits-fund or you can ask us for a copy by contacting us using the details on page 9.

WHAT IS A WITH-PROFITS FUND?

A with-profits fund is a pooled investment. You pay into the fund alongside other investors, and the money is invested in a mix of assets.

What you get back will largely be determined by the investment return achieved by the assets in the fund.

Investors share in the profits of the funds through the addition of bonuses.

You can take your money out at any time, but a minimum period of 5 years is recommended. Whilst there is no guarantee, this is because returns generated from investing over the longer term tend to be less volatile.

In managing the fund we aim to:



Give you a return on your money by adding bonuses to your Plan.



Ensure the bonuses reflect the performance of the diverse portfolio of underlying investments within the fund over the long term, allowing for costs and expenses.



Reduce the ups and downs of the stock market and produce a more stable return through smoothing.



Act to ensure we treat all investors fairly and deliver good outcomes for customers.

What is the objective of our With Profits Fund?

The Wesleyan With Profits Fund aims to provide capital growth over a medium- to long-term period (5 years or more) by investing in UK and International shares, fixed interest stocks, property, cash and other related investments. The fund aims to reduce the impact of rises and falls in the market by 'smoothing' the return on your investment over the period of your policy or Plan.

UNITS

If you choose to invest in the Wesleyan With Profits Fund, the premiums or subscriptions you make into your plan are used to buy 'units' in the fund. Your units are your share of the assets in the fund.

The price we use to buy and sell units is called the 'unit price'. The number of units you hold does not change unless you invest more money, take money out, or we have used units to pay for certain charges.

We aim to increase the value of your units by increasing the unit price through the addition of regular bonuses. There is more information about the addition of bonuses on page 6.

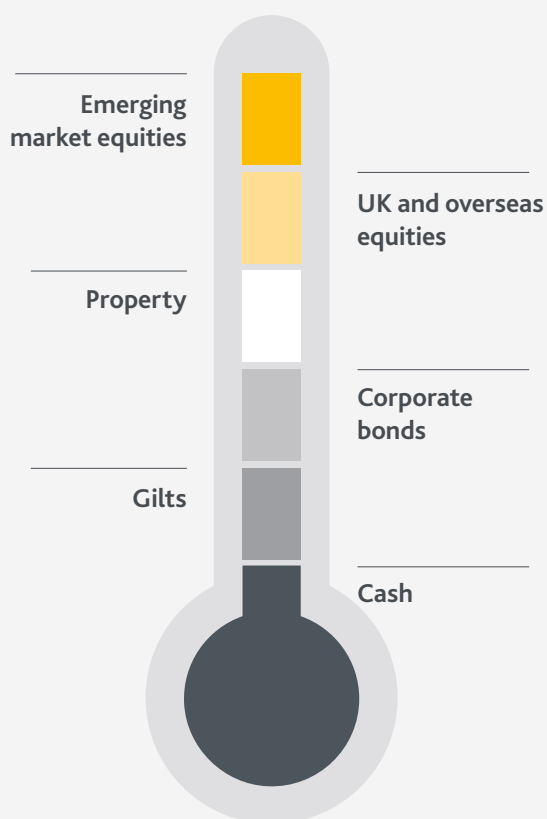
HOW IS MY MONEY INVESTED IN THE WESLEYAN WITH PROFITS FUND?

The financial strength of Wesleyan Assurance Society gives us the freedom to invest the fund in a diverse range of assets that we believe will generate growth in the long term whilst managing risk and reducing volatility. You can learn more about our financial strength on page 8.

These assets include higher-risk investments such as quoted company shares and commercial property. Historically, these assets have had the best long-term growth prospects, but also carry a higher risk of fluctuations in value.

We also invest in lower-risk investments such as interest-paying bonds and cash deposits. We expect these assets to provide more stable, albeit typically lower, investment returns over the longer term.

The fund also holds investments in other parts of the Wesleyan group such as Wesleyan group subsidiaries. Policyholders also share in the profits and losses from Wesleyan's other business, such as non-with-profits investment and protection policies. There is more information on this in our document 'Principles and Practices of Financial Management (Wesleyan Open Fund)'. See page 9 for more information on where to find this.



Allocation of assets within the fund

The exact proportion of each type of asset changes over time because we regularly monitor and adjust the investments with the aim of maximising return within an acceptable level of risk. However, the chart below gives an indication based on the asset allocation at the date shown.

With Profits Fund asset allocation

As at 29 February 2024



- Equities 62.5%
- Fixed Interest 22.4%
- Property 8.9%
- Cash 4.8%
- Other 1.4%

Latest information on holdings and performance

You can find current information on how the fund is invested and how it is performing in the relevant fund factsheet. To find the correct factsheet for your product, please see page 9.

Please note that past performance is not a reliable guide to future performance and the value of your investment can go down as well as up, so you could get back less than you have invested.



Our award-winning investments team

Our investments team manage **£7.6bn (as at 31 December 2023)** across our With Profits Fund plus a range of other funds.

Our experienced fund managers continuously strive to outperform the markets. They do this by:

- ▶ identifying 'out-of-favour' equities with the long-term potential to grow in value,
- ▶ maintaining diverse portfolios across our fund range. This is to protect our customers' money from volatility over time, reduce risk, and deliver a return on investments.

We are proud to have won 'Responsible Investor of the Year – re/insurer' at the Insurance Asset Risk Awards 2022, 'Investment Team of the Year – re/insurer' at the 2023 awards, and in the same year, we also won a Diversity Award at the Wealth & Asset Management Awards 2023.



Our approach to sustainability

Our With Profits Fund should not be considered a sustainable fund but it is required to comply with the Wesleyan Assurance Society Sustainable Investing Policy. In 2020, we built on our Sustainable Investment (SI) function. Our dedicated SI Team:

- ▶ work alongside our fund and property managers and analysts, assessing our funds, holdings, and management decisions through a sustainability lens,
- ▶ use environmental, social and governance (ESG) factors to measure this activity, challenging and supporting where appropriate.

You can find out more about our SI Team and our approach to sustainable investing at www.wesleyan.co.uk/savings-and-investments/sustainable-investing

£4.5bn

The size of the Wesleyan With Profits Fund (29 February 2024).



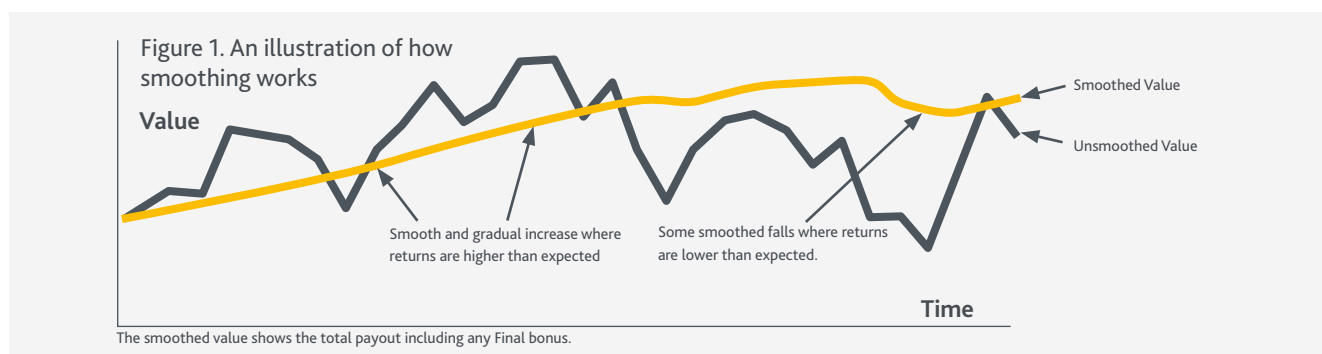
SMOOTHING

Like many investments, the value of our With Profits Fund varies on a daily basis. However, one of the main aims of our With Profits Fund is to reduce the effect of day-to-day fluctuations on the value of your Plan through our smoothing process.

In determining the bonuses added to your Plan we smooth the effect of these movements over the short term. So, if the value of the fund increases or decreases by more than expected, these changes are reflected in the value of your Plan gradually over a period of time.

This provides you with a smoother return on your investment than would be the case if the value of your Plan reflected the daily change in the value of the fund, as illustrated in Figure 1.

There may be occasions when we have to suspend the smoothing process, but only if necessary to protect the interests of with-profits policyholders, other Society members and the overall financial strength of the Society.



BONUSES

In order to maintain flexibility in our investment strategy and protect the financial stability of the Society we aim to distribute some profits in the form of regular bonuses each year, with any balance being added in the form of a final bonus when you receive the proceeds of your Plan.

Regular bonuses

We aim to add regular bonuses steadily throughout the period of your investment. We do this by increasing the unit price gradually over time. The level of regular bonus is determined based on the level of regular bonus already added and our view on expected future investment returns. The level of regular bonus can be changed at any time.

Final bonus

The purpose of a final bonus is to bring the value of your Plan when it pays out in line with the value of the performance of the With Profits Fund over the lifetime of your Plan, subject to

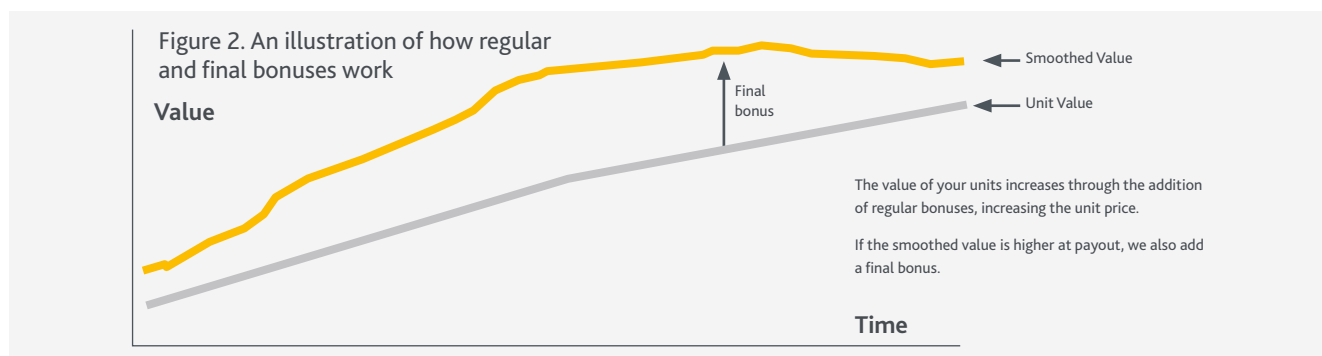
smoothing (see previous section). The level of any final bonus is not guaranteed.

Figure 2 illustrates how regular and final bonuses work.

Factors that affect bonuses

In determining bonuses to With Profits policyholders, our considerations include:

- ▶ investment performance and outlook: this is usually the biggest factor affecting returns;
- ▶ profits and losses from other parts of Wesleyan's business, such as non-with-profits and protection policies, and Wesleyan's subsidiaries;
- ▶ operating expenses and charges arising from the costs to operate the fund and your product;
- ▶ policy claims and surrenders; and
- ▶ smoothing



IS THE VALUE OF MY PLAN GUARANTEED?

We manage our With Profits Fund carefully and apply bonuses to your investment prudently to smooth out the ups and downs of the market. However, like other investments, values can fall as well as rise and you might get back less than you invested.

If the value of our With Profits Fund reduces, the value of final bonus available will be reduced to reflect this (allowing for the benefits of smoothing).

If the value of the fund falls sufficiently such that there is no final bonus, the Board may decide to reduce payouts to be less than the value of units (which includes regular bonus added to date).

In this circumstance the payout would be the with profits unit value less a market value reduction (MVR). Any deduction for MVR would be determined such that the value that you receive reflects the performance of the fund over the period which you have been invested. This is illustrated in Figure 3 below.

We do this to be fair to all of our policyholders. If we did not apply an MVR in such circumstances, those remaining in the fund would be adversely impacted by us paying out to people leaving the fund more than their share of the underlying value of the assets.

Guaranteed events

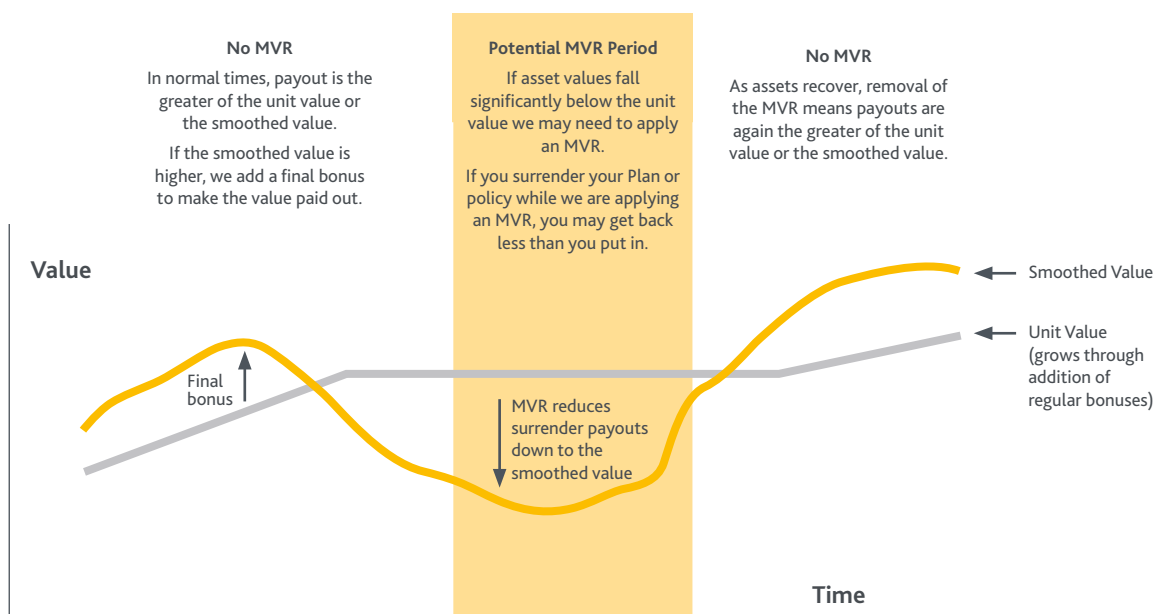
Some Plans have 'guaranteed events' included within the Plan documentation. These are times when we guarantee not to apply an MVR. These might include, for example, pay-outs due to the death of the policyholder.

If your Plan pays out on a guaranteed event, specified in the Plan documentation, we will not apply an MVR. We would continue to pay the higher of the unit value and the smoothed value, even if an MVR was being applied to other claims at the time. The unit value is based on the unit price at the date the units are cashed in.

Please see your Plan documentation for information of any guaranteed events that may apply to your investment.

Plans taken out since 4 March 2021 do not contain any guaranteed events.

Figure 3. An illustration of how an MVR may be applied



BEING AN INVESTOR IN OUR WITH PROFITS FUND

Ownership

When you invest in a mutual organisation such as ours, we have no shareholders to satisfy, which means we are all about you. Being a mutual is an integral part of who we are and how we operate.

As mentioned earlier in this document, when you invest in our With Profits Fund, you'll share in the profits and losses of other parts of our business – as well as the investment returns of the fund.

Financial strength

We know that investing in a financially secure company is important in giving you peace of mind. We therefore seek to manage the Society to ensure it is financially strong. This means we can operate the fund flexibly to benefit all our with-profits investors, and enables us to:

- ▶ withstand market volatility;
- ▶ invest in a diverse range of assets to deliver strong returns in the long term whilst managing risk;
- ▶ meet our commitments to you and other policyholders; and
- ▶ smooth out short-term falls and rises in returns.

Delivering for investors

Wesleyan is committed to doing the right thing for our customers, and aims at all times to deliver good outcomes. Alongside our financial strength, we maintain strong internal oversight and governance. Whilst the Board is ultimately responsible for decisions, it takes advice from qualified actuaries and other experts, including a committee of independent experts, and is subject to regulatory oversight.

Member benefits

Investing in our With Profits Fund through Wesleyan's investment products may make you a member of Wesleyan. Members can take advantage of the following benefits:

- ▶ personal discounts on a range of insurance products
- ▶ additional rewards from our Member Rewards scheme

Members also get a say on how we run our business in our annual general meeting (AGM).

For further information on the benefits of being a Wesleyan member, please visit:

www.wesleyan.co.uk/mutuality/member-benefits.

Product charges

We deduct charges in line with your Plan Terms and Conditions. As with all our investment funds, investments into our With Profits Fund are subject to an annual management charge (AMC), which contributes to the costs of setting up and administering the Plan and of managing the investments in the fund. If your Plan has protection cover included, we may also apply charges to meet the cost of any death or illness benefits covered.

If you have chosen to opt into the Ongoing Advice Service (OAS) provided by Wesleyan Financial Services, there is an additional ongoing charge.

You can find more details of the charges that apply to your Plan in your Plan or Policy Document (the Terms and Conditions) or the Key Features Document.

FURTHER INFORMATION

Keeping track of your investment

Annual Statement

We send you an annual statement which shows how many units you hold and their value at the statement date. This includes a value for any final bonus you would have received if you cashed in your Plan at the statement date.

My Wesleyan

You can also keep track of most Plans through My Wesleyan. Download the app, register for your account, or log in at mywesleyan.co.uk/login.

Fund Factsheet

You can find current information on how your fund is invested and how it is performing in the relevant fund factsheet. You can obtain the factsheet:

- ▶ from <https://www.wesleyan.co.uk/savings-and-investments/fund-prices>; or
- ▶ by contacting us using the details at the end of this document.

We have slightly different versions of the fund factsheet for different types of product. The table below indicates how to identify the right version for your investment.

Product	Fund Factsheet
With Profits ISA	Wesleyan With Profits ISA
Personal Pension Plan (for plans taken out from 1/1/2013)*	Wesleyan With Profits Pension S5
All other products	Wesleyan Life With Profits

*For the correct factsheet for pension plans taken out before 1 January 2013, please refer to your Plan documentation or contact us using the details on this page.

More about our With Profits Fund

This document is a summary of the key information about our With Profits Fund. For more detailed information you can obtain a copy of the Principles and Practices of Financial Management (Wesleyan Open Fund). This explains the detailed standards we apply to the management of our with-profits business.

Each year we also publish an annual report which explains how we have acted to manage our With Profits Fund during the year.

Both of these are available at:

www.wesleyan.co.uk/savings-and-investments/with-profits-fund or you can ask us for a copy by contacting us using the details below.

Contacting Us

If you have any questions, you can contact us in one of the following ways:

- ▶ Call us on 0345 351 2352. Our lines are open from 9am to 5pm, Monday to Friday. Calls may be recorded to help us provide, monitor and improve our services to you.
- ▶ Write to us at our Head Office:
Wesleyan Assurance Society
Colmore Circus
Birmingham B4 6AR
- ▶ Log into your account at mywesleyan.co.uk/login or download the My Wesleyan app, where you can correspond with us securely via 'Messages'.
- ▶ Contact your Wesleyan Financial Services (WFS) Specialist Financial Adviser, if you have one.

You can arrange a meeting with your Wesleyan Financial Services (WFS) Specialist Financial Adviser at your convenience by visiting:

www.wesleyan.co.uk/financial-advice/appointment

Learn more about our charges at
www.wesleyan.co.uk/financial-advice/charges

You can also book an appointment over the phone on 0800 980 3810. Lines are open from 9am to 5pm, Monday to Friday.

We are all about you.

Since we were founded over 180 years ago, we have cherished our mutual status. It's an integral part of who we are and with no shareholders, our focus is solely on members and customers. We work to benefit those who invest in our business. Not only today, but also in the future.

It's why 'we are all about you'.

A guide to the many ways in which the Wesleyan Group of companies can help you to plan, prioritise and secure your financial future.

For you



Savings & Investments



Mortgages



Retirement Planning



Insurance



Life & Income Protection

For your business



Equipment Insurance



Personal Protection



Premises Insurance



Finance & Funding

For more information about the Wesleyan Group of companies, visit wesleyan.co.uk/ourcompanies

If you would like this document in Braille, large print or audio format, please contact **0800 975 3710**.

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'WESLEYAN' is a trading name of the Wesleyan Group of companies.

Wesleyan Assurance Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Advice is provided by Wesleyan Financial Services who is authorised and regulated by the Financial Conduct Authority and is wholly owned by Wesleyan Assurance Society. Incorporated in England and Wales by Private Act of Parliament (No. ZC145). Registered Office: Colmore Circus, Birmingham B4 6AR. Telephone: 0345 351 2352. Calls may be recorded to help us provide, monitor and improve our services to you.