A QUICK GUIDE TO INVESTING

Your investment options explained

WESLEYAN

we are all about you

GETTING STARTED ON YOUR INVESTMENT JOURNEY

If you're new to investing, getting started can seem a little daunting. It's a good idea to do some research yourself before you take that first step.

To help you, we've created this quick guide. It will give you an overview of the different investment options available in the marketplace, and the sorts of things you should consider for each one before you make the decision to invest your money.

WORK OUT WHY YOU WANT TO INVEST

The first thing to do is decide what the money will be used for in the long term. You may want to save for a house deposit, your child's future or your retirement, or you may just want to make your financial future more secure.

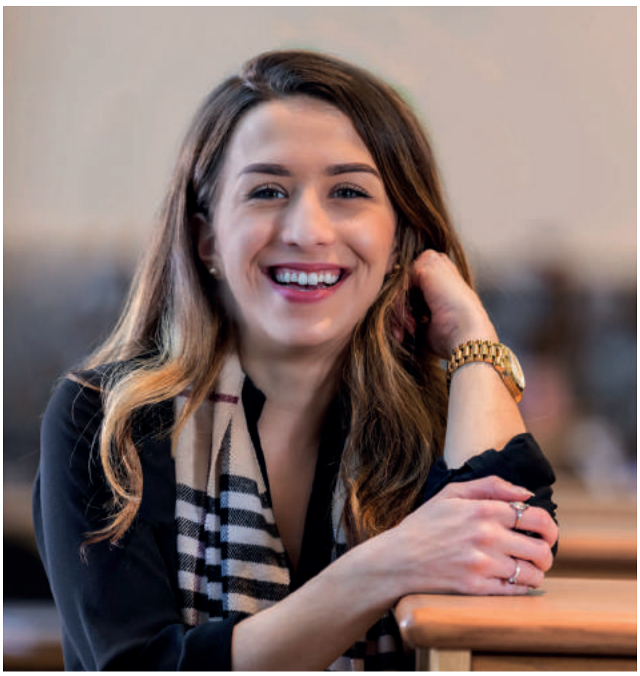
Whatever your financial goals, most new investors such as yourself, will have one aim in common: to invest money well in the hope of getting a good return on it in the future.

INVESTING IS A LONG-TERM COMMITMENT

Investing is normally considered to be a long-term home for your money. If you cannot commit your money for at least five years, investing may not be for you.

As an investor, you'll undoubtedly encounter the ups and downs of the stock market which is a normal part of the investment journey.

It's important to keep a level head and remember that you're in it for the long haul.



KNOWING WHAT'S RIGHT FOR YOU

Once you've decided what you're saving for, you can start to think about your investment options. The "right" place to invest very much depends on how much risk you're prepared to take.

It's worth remembering that all investments carry a certain amount of risk. It's important to spread the risk of your investments by investing across many different investment types (also known as asset classes). This is a process known as 'diversification' and it helps because it makes your investment less sensitive to the risk of a single event.

This is where we can help. One of our Wesleyan Financial Services Consultants can talk to you about diversification and take you through a risk assessment to work out what level of risk you're comfortable with. This will then determine the type of investments you are happy to put your money into.

ASSET CLASSES

It is important to only invest in ways that you understand. The key features of some common forms of investment are outlined below.

Cash

Cash as an asset class can include money deposited with banks or held by other financial companies, but it can also include holding short-term government or corporate debt.

What you should know

- When interest rates are low, an investment in cash assets will not grow as much as it would if they were higher.
- If inflation is higher than the investment return on your cash investments after charges, it will reduce the buying power of your money over time.
- Cash assets can be useful if you need quick and easy access to your money, and if you need to keep the value of your savings relatively stable.
- No investment is risk free and It is still possible to lose money invested in cash assets, particularly after fees are included.

Bonds and gilts

A bond is essentially an IOU from a company or government that wishes to raise money, with a promise to pay it back at a later date. A bond issued by the UK government is called a Gilt. Bonds will typically make regular payments that reflect a pre-agreed fixed rate of interest. These bonds are called 'fixed-interest'.

What you should know

- When interest rates rise, the value of an existing bond (with its lower interest rate) typically fall. The value usually rises when interest rates fall.
- Bond prices will also fall if the market believes an issuer has become less likely to be able to repay than previously thought. This is often reported as a fall in credit rating.
- Longer loan periods generally lead to larger rises and falls in value.

Property

The type of property you can invest in is broadly split between 'residential' and 'commercial' property.

Commercial property for example, includes office blocks, retail units, factories, warehouses, and so on. While it's possible to invest directly in property, most investment is made through funds – and most funds invest in commercial property.

What you should know

- An advantage of investing in commercial property is that tenants generally sign long-term lease agreements which means the level of rental income is predictable and more secure.
- It can be difficult to sell property quickly and at a fair market price. Property funds may suspend sales for a period of time.
- Some property funds invest in the shares of building or property management companies, rather than in buildings themselves. The value of these funds can rise and fall much more quickly than 'bricks and mortar' funds.

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

Equities (stocks and shares)

Company shares can be purchased to provide part-ownership of a company. If the company is successful, and the value of its shares rise, your investment will grow in value. Shares prices can rise or fall depending on factors outside the company itself, such as the economy and the stock market. Company shares can provide you with some income (known as dividend income) which is normally paid twice yearly and is simply a share in the company's profits.

What you should know

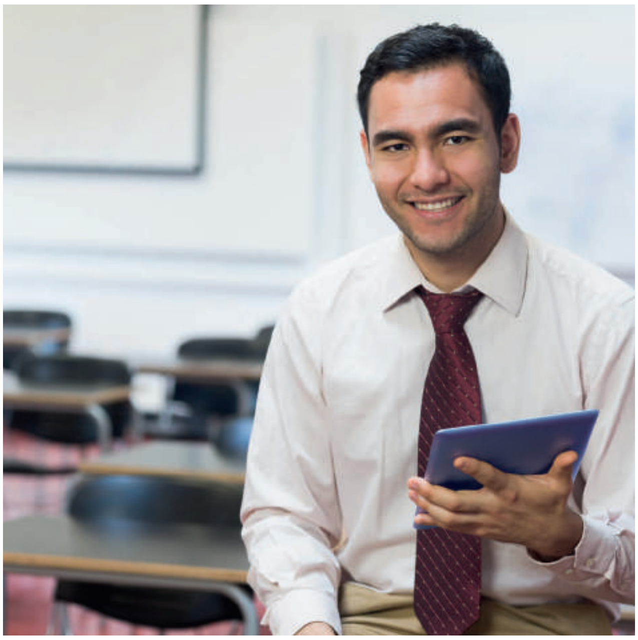
- Company shares are more suitable for investors who are willing to take a higher level of risk with their money.
- Dividend income from company shares, like share prices themselves, can rise or fall and is not guaranteed.

Commodities

Commodities are goods such as oil, coffee, gold and silver. Commodity investment can be highly speculative – and therefore highly risky – with investors generally aiming to make money by predicting future changes in supply and demand.

What you should know

- Placing your investment in commodities can be very risky, particularly if only a small number of commodity types is invested in, and if it forms a large portion of your overall savings.
- A benefit of commodities is that prices often move up or down differently to other asset classes. This can make a small allocation to commodities in a diversified fund a good route to achieving better diversification, and lower overall risk.



STILL THINKING OF INVESTING?

We are specialists in your chosen profession, and we can help you to start making your financial future secure.

Contact us and we can put you in touch with one of our Wesleyan Financial Services Consultants who can advise you on the best way forward for your particular investment needs. You'll also have the opportunity to have a no obligation financial review with us.

- To book an appointment with one of our Wesleyan Financial Services Consultants, call our Customer Relationship Centre on **0808 291 2688 (quoting campaign code: 1001306).** Our lines are open from 8.30am to 6.30pm, Monday to Friday, and from 9am to 2pm on Saturdays.
- Log onto our website: **www.wesleyan.co.uk/customerservices** to request a call back or to find a Wesleyan Financial Services Consultant in your area.

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

- Finance & Funding
- Personal Protection
- Equipment Insurance
- Staff Protection
- Premises Insurance

For more information about the Wesleyan Group of companies, visit **wesleyan.co.uk/legal-disclaimer**

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