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# With Profits Growth Fund

## Quarterly Review Q2 2025

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W I N N E R

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# Market Review and Outlook

# Market Review and Outlook

## Markets surge to record highs despite tariff uncertainty

Despite tariff uncertainty and increased tensions in the Middle East, it was a strong quarter for markets, with indexes surging to record highs. The US economy is cooling, but the labour market remains robust for now. Expected price hikes from US tariffs have not yet been reflected in inflation data, but analysts believe they could begin feeding through soon.

In this update, we'll reflect on this and take a look at some of the highlights and lowlights of the quarter and provide our usual funds' view and outlook from our Investments team.

## Global market overview

Global markets were shaken by President Donald Trump's Liberation Day tariffs in early April, causing stocks to fall sharply and US Treasury yields to rise. However, markets bounced back after he paused tariffs for most countries except China. Trump's sudden shift in tariff strategy came as bond yields surged amid worries of a recession. By the end of April, stock markets had recovered and bond markets stabilised, but the dollar remained lower.

Global markets rose in May after the US and China agreed to pause tariffs for 90 days, easing worries about an

economic slowdown. US stocks gained as stronger-than-expected economic data boosted investor confidence, and a rebound in consumer sentiment added support. A strong company earnings season also helped, with most firms beating first-quarter forecasts. Doubts persist regarding the future impact of US tariffs.

The FTSE 100 hit a two-month high, helped by strong company results and better-than-expected growth. UK stocks also rose after the US said it would not apply new tariffs on British steel and aluminium, easing trade worries and boosting investor confidence. European stocks made solid gains over the period, driven by strong earnings performance and renewed hopes for trade. They were also supported by Trump's move to delay 50% tariffs on EU imports until 9 July.

Asian shares rose after Chinese and US negotiators reached a framework for a trade deal. They were also boosted after China's central bank cut interest rates to support the economy. Stock indexes dipped slightly towards the end of the period as tensions flared in the Middle East but remained steady.

Global markets were mostly calm throughout June, despite rising tensions in the Middle East. US equities

performed strongly, surging to record highs following news of a ceasefire, raising hopes for an end to the conflict between Israel and Iran. Contrary to market expectations of a sharp spike, crude oil prices fell amid signs the ceasefire will reduce oil supply disruptions.

### **Long-term bond yields surge**

Long-term borrowing costs for major world economies rose after investors questioned the ability of governments to handle large budget deficits. Yields on long-term US government bonds rose (when yields go up, prices fall) after investors expressed concerns about the cost of Trump's proposed tax cuts. In Japan, long-term bond yields hit record highs as demand fell from usual buyers like life insurers and global worries grew over rising debt levels.

### **Interest rates and inflation**

The US Federal Reserve (Fed) left rates unchanged over the quarter, holding them between 4.25% and 4.5% amid expectations of higher inflation and lower economic growth. Fed Chair Jerome Powell has increasingly come under pressure from Trump to lower interest rates. Often the attacks have been personal, with his calls for Powell's resignation weighing on US stocks. The pace of US

inflation unexpectedly slowed to 2.3% in April but edged back up to 2.4% in May.

The Bank of England lowered interest rates to 4.25% from 4.5% in May and then kept them unchanged at its meeting in June. In a setback for the UK government, inflation picked up again over the quarter, putting the readiness of the Bank to cut rates into doubt. UK inflation rose more than expected in April to 3.4% and remained unchanged in May. Financial markets are now expecting two interest rate cuts by the end of the year.

The European Central Bank (ECB) cut interest rates to 2.25% from 2.50% in April, citing concerns over economic growth amid rising trade tensions from Trump's aggressive tariff agenda. The central bank lowered interest rates further in June to 2% to help support slowing growth. Eurozone inflation was unchanged in April at 2.2%. It fell below the ECB's target of 2% in May, hitting a cooler-than-expected 1.9%.

### **US economy remains robust amid tariff uncertainty**

Trump rolled back most of the tariffs he announced in early April, unveiling trade deals with the UK and China. However, imports from China still faced a 30% levy and 10% on most other US imports. Economists have warned

that most of the impact from import duty hikes is still to come. Consumer sentiment also fell sharply in April and inflation expectations increased. Despite the tariff issues and federal job cuts, the US labour market held up well. Employers added 177,000 jobs in April, and the unemployment rate stayed at 4.2%.

US tariffs hit British exports hard, with April seeing a record £2 billion monthly drop in goods sent to America. The UK job market weakened, with unemployment rising to 4.5% in the three months to March, a four-year high, while vacancies fell and wage growth slowed. However, the UK has signed new trade deals with the US, EU and India. While the economy expanded by 0.7% in the first quarter, there are concerns that growth could slow later in the year as Trump's tariff plans weigh on trade and new tax rises for employers add pressure on businesses.

Trump delayed the rollout of 50% tariffs on the EU until July. The eurozone economy performed better than expected at the start of the year as firms rushed to get ahead of Trump's tariffs. However, further tariff announcements have since weakened the outlook for the region. Despite this, rising government spending on defence and infrastructure is expected to support growth more over time. The eurozone economy grew by 0.6% in

the first quarter, the strongest pace of growth since late 2022. Exports also rebounded, increasing by 1.9% in the eurozone, while imports rose by 1.4%.

China and the US struck a deal to boost US access to Chinese rare earth minerals and magnets for cars. As part of the deal, the US raised overall tariffs on Chinese goods to 55%, while China kept its tariffs on US imports at 10%. China's economy slowed in April, with retail sales, property and investment all hit by the trade war. Deflation also continues to be a problem, with consumer prices falling for a fourth straight month in April. As tariffs continue to affect the economy, policymakers announced new measures in May to help stimulate growth, including interest rate cuts and a major liquidity injection.

# Spotlight on...

## Volatile markets and smoothing



# Spotlight on... Volatile markets and smoothing

In H1 2025, we witnessed how US politics undeniably dominated investment markets, as global investors scrambled to keep up with the speed of the changes. In early March, US stocks lost \$4 trillion in value, as investors worried about an economic downturn following President Trump's indecisions over trade tariffs for the country's major trading partners (such as Canada, Mexico and China). This all made for a weaker US stock market - with both European and UK investment markets fairing much better than their US counterparts.

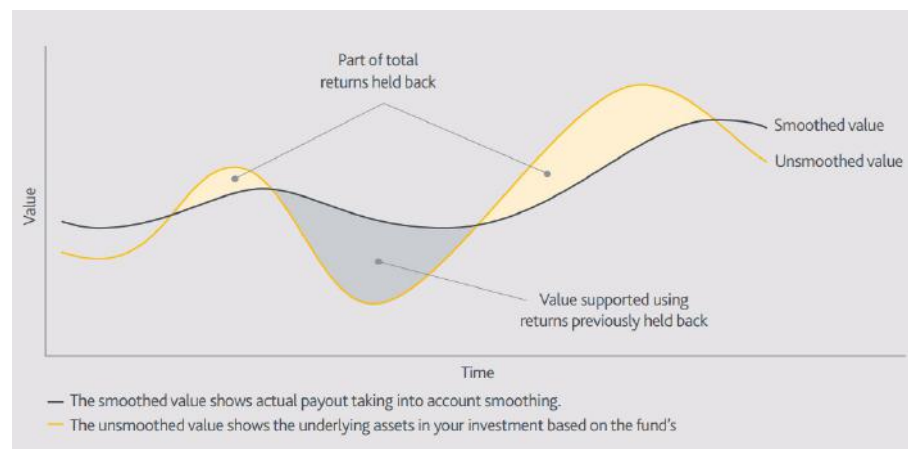
We are in an era of heightened uncertainty. A recent speech from the FCA's chief executive Nikhil Rathi, noted we've entered an era of "predictable volatility", where market disruptions are not just more frequent but now expected. With market reactions amplified by algorithmic trading, investor sentiment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

## Helping clients stay invested even when markets are volatile

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

The fund 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.



***"Smoothing strategies don't just support better outcomes for clients, they can strengthen the foundation of the adviser-client relationship. Managing investments to meet clients' financial and emotional needs builds trust that you can support them through market uncertainty"***

- James Tohill, Investment Specialist

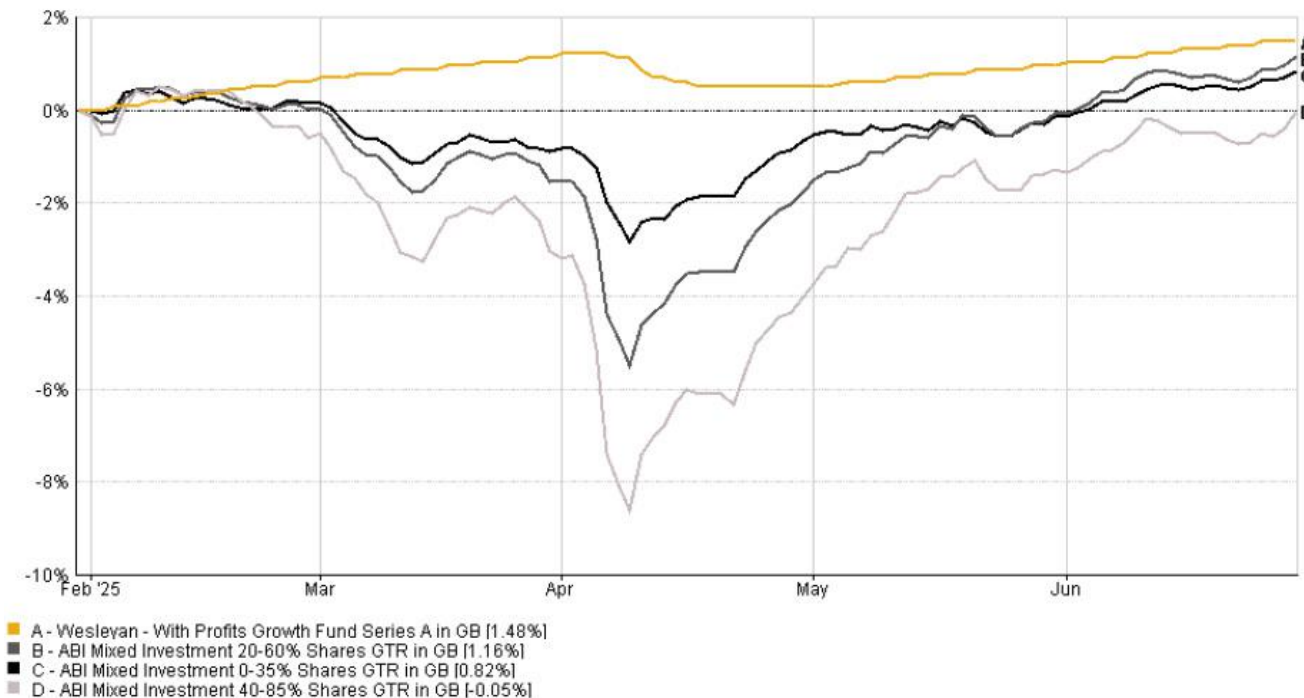


# Spotlight on... Volatile markets and smoothing

## Wesleyan's smoothed With Profits Growth Fund in action

Looking back at the last 5 months, - which encompassed the 'Trump tariff turmoil' - Wesleyan's smoothing formula proved its worth!

The chart below shows how the fund delivered smoother returns over this period, compared to a typical mixed investment benchmark. While other funds may rise and fall more sharply, **Wesleyan's smoothing approach helped provide a steadier experience - supporting clients to stay invested with confidence.**



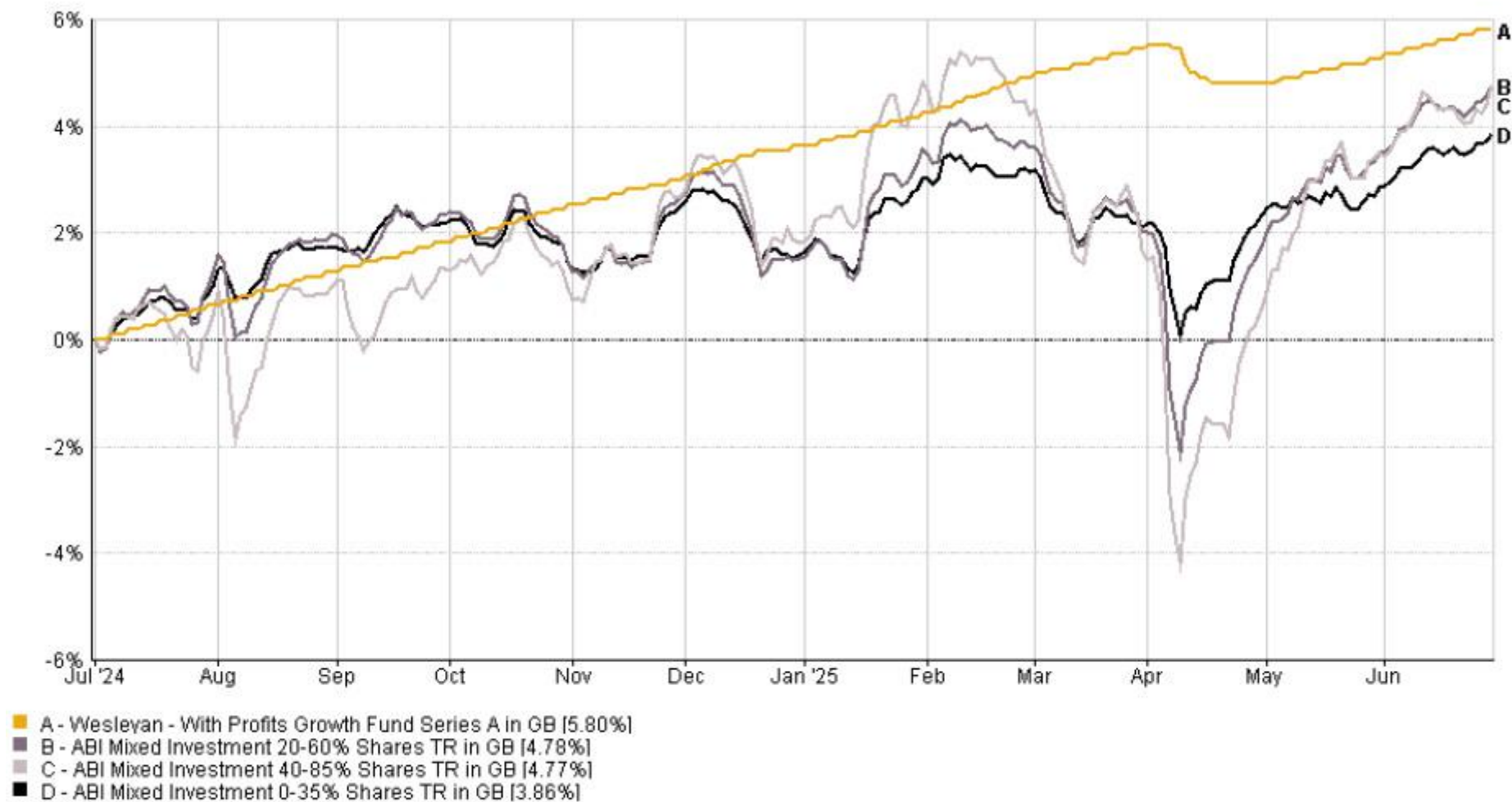
31/01/2025 - 30/06/2025 Data from FE fundinfo 2025

READ MORE  
INFORMATION  
ABOUT SMOOTHING  
HERE

# Fund Performance

# Returns Performance - Past Year

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/07/2024 - 30/06/2025 Data from FE fundinfo2025

\*Wesleyan With Profits Growth Fund Series A performance is based upon the movement of the daily unit price and is shown as the net total return in GBP. It includes a representative 0.65% Annual Management Charge (AMC) and 0.09% other ongoing cost totalling 0.74% per annum. The performance does not consider other costs such as advice charges. These additional charges may impact overall performance of the fund. \*\*ABI Mixed Investment 40-85%, 20-60% and 0-35% performance is shown bid to bid, Total Return GBP. Not all the funds in the ABI sector are net of charges.

# Returns Performance - Past 3 Years

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/07/2022 - 30/06/2025 Data from FE fundinfo2025

\*Wesleyan With Profits Growth Fund Series A performance is based upon the movement of the daily unit price and is shown as the net total return in GBP. It includes a representative 0.65% Annual Management Charge (AMC) and 0.09% other ongoing cost totalling 0.74% per annum. The performance does not consider other costs such as advice charges. These additional charges may impact overall performance of the fund. \*\*ABI Mixed Investment 40-85%, 20-60% and 0-35% performance is shown bid to bid, Total Return GBP. Not all the funds in the ABI sector are net of charges.

# Returns Performance - Past 4 Years

Wesleyan's smoothed With Profits Growth Fund has turned 4 this month! Whilst Wesleyan has managed their flagship With Profits Fund for many years, the 'Growth' variant, designed for platforms, was only made available to the Intermediary sector from July 2021.

This variant was designed to sit on independent adviser platforms, uniquely offers daily smoothing, daily pricing and daily trading, with no MVRs or UPAs.

The chart below shows the fund performance over the past 4 years since it launched to the intermediary market, having generated a 16.8% return v 11.84% returned by its sector benchmark.



01/07/2021 - 30/06/2025 Data from FE fundinfo2025

\*Wesleyan With Profits Growth Fund Series A performance is based upon the movement of the daily unit price and is shown as the net total return in GBP. It includes a representative 0.65% Annual Management Charge (AMC) and 0.09% other ongoing cost totalling 0.74% per annum. The performance does not consider other costs such as advice charges. These additional charges may impact overall performance of the fund. \*\*ABI Mixed Investment 40-85%, 20-60% and 0-35% performance is shown bid to bid, Total Return GBP. Not all the funds in the ABI sector are net of charges.

# Returns Performance - Past 5 Years

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/07/2020 - 30/06/2025 Data from FE fundinfo2025

\*Wesleyan With Profits Growth Fund Series A performance is based upon the movement of the daily unit price and is shown as the net total return in GBP. It includes a representative 0.65% Annual Management Charge (AMC) and 0.09% other ongoing cost totalling 0.74% per annum. The performance does not consider other costs such as advice charges. These additional charges may impact overall performance of the fund. \*\*ABI Mixed Investment 40-85%, 20-60% and 0-35% performance is shown bid to bid, Total Return GBP. Not all the funds in the ABI sector are net of charges.



# Returns Performance - Past 10 Years

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



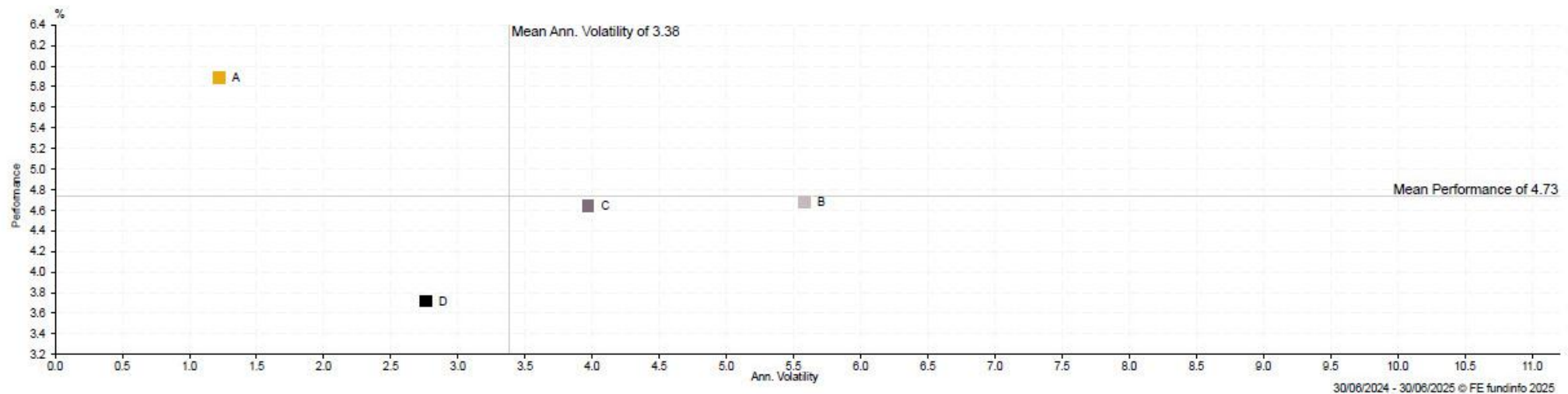
01/07/2015 - 30/06/2025 Data from FE fundinfo2025

\*Wesleyan With Profits Growth Fund Series A performance is based upon the movement of the daily unit price and is shown as the net total return in GBP. It includes a representative 0.65% Annual Management Charge (AMC) and 0.09% other ongoing cost totalling 0.74% per annum. The performance does not consider other costs such as advice charges. These additional charges may impact overall performance of the fund. \*\*ABI Mixed Investment 40-85%, 20-60% and 0-35% performance is shown bid to bid, Total Return GBP. Not all the funds in the ABI sector are net of charges.



# Returns v. Volatility Performance - Past Year

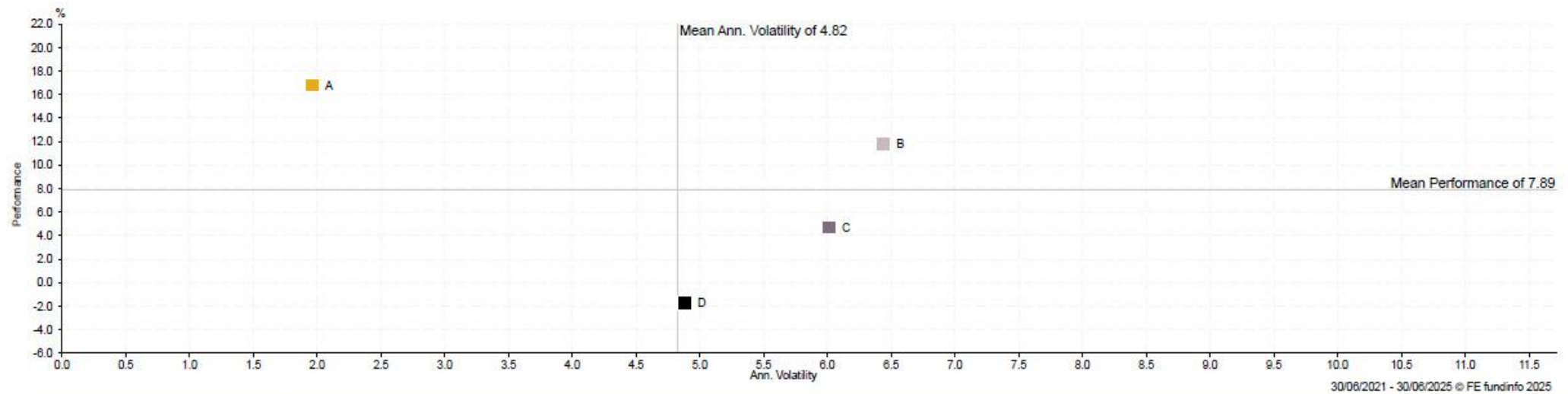
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



Key	Name	Performance	Volatility
■ A	Wesleyan - With Profits Growth Fund Series A in GB	5.89	1.22
■ B	ABI Mixed Investment 40-85% Shares TR in GB	4.68	5.58
■ C	ABI Mixed Investment 20-80% Shares TR in GB	4.64	3.97
■ D	ABI Mixed Investment 0-35% Shares TR in GB	3.72	2.76

# Returns v. Volatility Performance - Past 4 Years

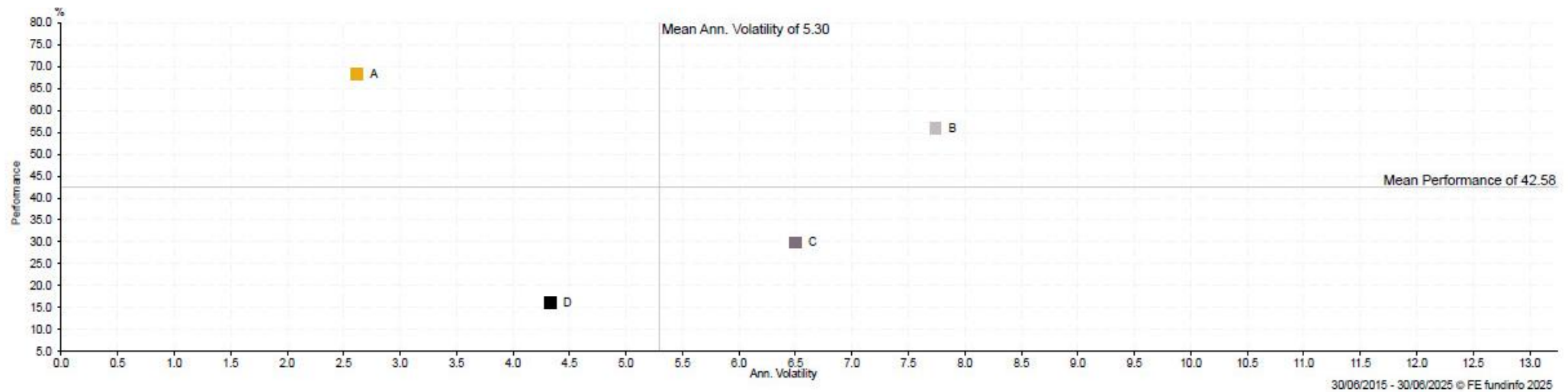
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



Key	Name	Performance	Volatility
A	Wesleyan - With Profits Growth Fund Series A in GB	16.80	1.96
B	ABI Mixed Investment 40-85% Shares TR in GB	11.78	6.44
C	ABI Mixed Investment 20-60% Shares TR in GB	4.69	6.01
D	ABI Mixed Investment 0-35% Shares TR in GB	-1.70	4.88

# Returns v. Volatility Performance - Past 10 Years

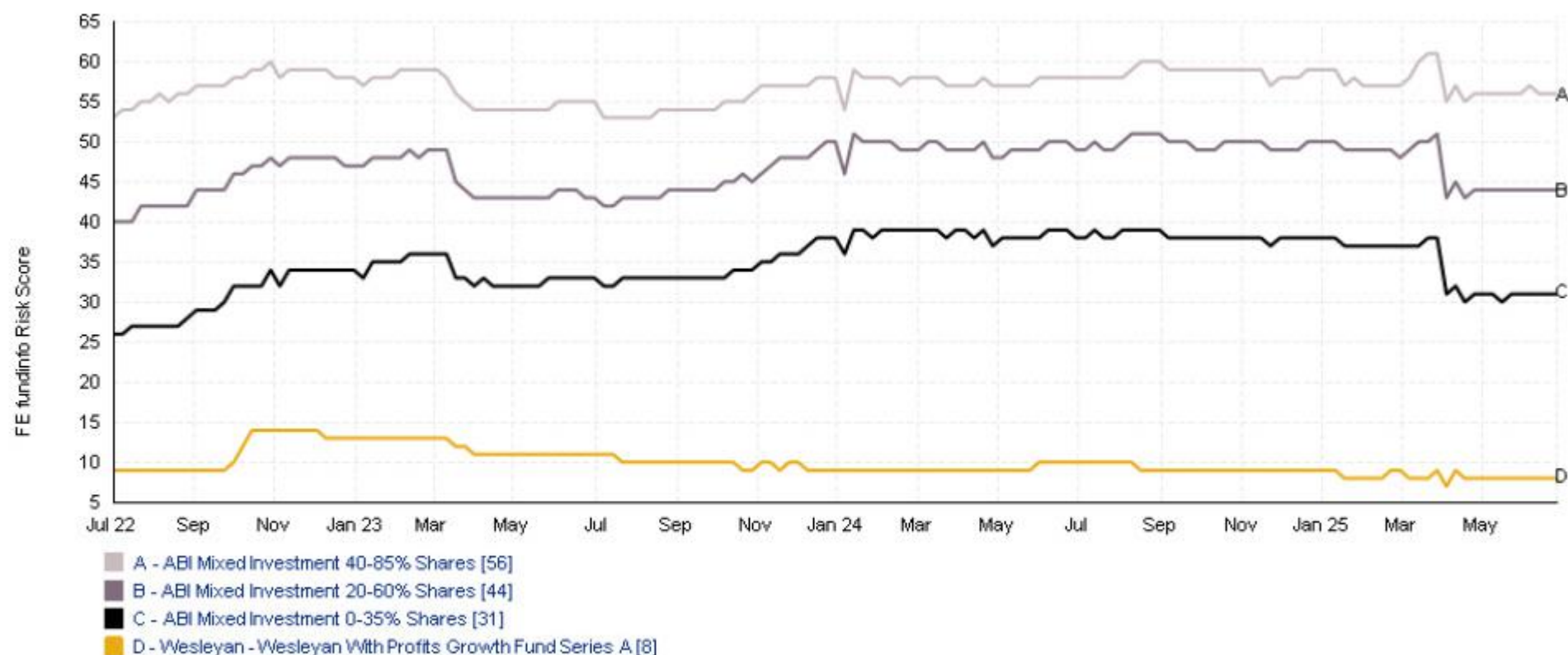
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



Key	Name	Performance	Volatility
A	Wesleyan - With Profits Growth Fund Series A in GB	68.30	2.62
B	ABI Mixed Investment 40-65% Shares TR in GB	55.99	7.74
C	ABI Mixed Investment 20-60% Shares TR in GB	29.88	6.50
D	ABI Mixed Investment 0-35% Shares TR in GB	16.13	4.33

# Historic Volatility Trend

Wesleyan's With Profits Growth Fund currently has an FE fundinfo score of 8 and it hasn't been above 14 in the last 3 years. This is significantly lower than the sector benchmark FE fundinfo scores, which can be seen on the chart below.



01/07/2022 - 27/06/2025 Powered by data from FE fundinfo

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

For more information or to discuss Wesleyan's With Profits Growth Fund with one of our team please get in touch:



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