For UK finance professionals only

Investor Compass

Tracking adviser and investor sentiment through an evolving financial landscape

M&G

Investor Compass.
Keeping clients confident through volatility

The views and data in this report should not be taken as a recommendation or advice. Testimonials are from genuine financial advisers and investors who have given permission for their comments to be used. Names have been removed to protect privacy.

Foreword

Clive Bolton, CEO M&G Life

Volatility has always been part of investing. What has changed is how it shows up. When markets move the impact is visible in client portfolios straight away. This can prompt a reaction before there's been time to pause.

It's a dynamic every adviser will recognise. It creates a responsibility to not only manage their clients' financial plans during volatility but clients' behaviour as well.

This is the overarching theme behind this first edition of *Investor Compass.* We set out to understand what helps investors remain confident when markets become uncertain. Drawing on the perspectives of investors and advisers, the research reveals how confidence is shaped, why advice matters most during periods of volatility and how the adviser's role is evolving in an increasingly complex information environment.

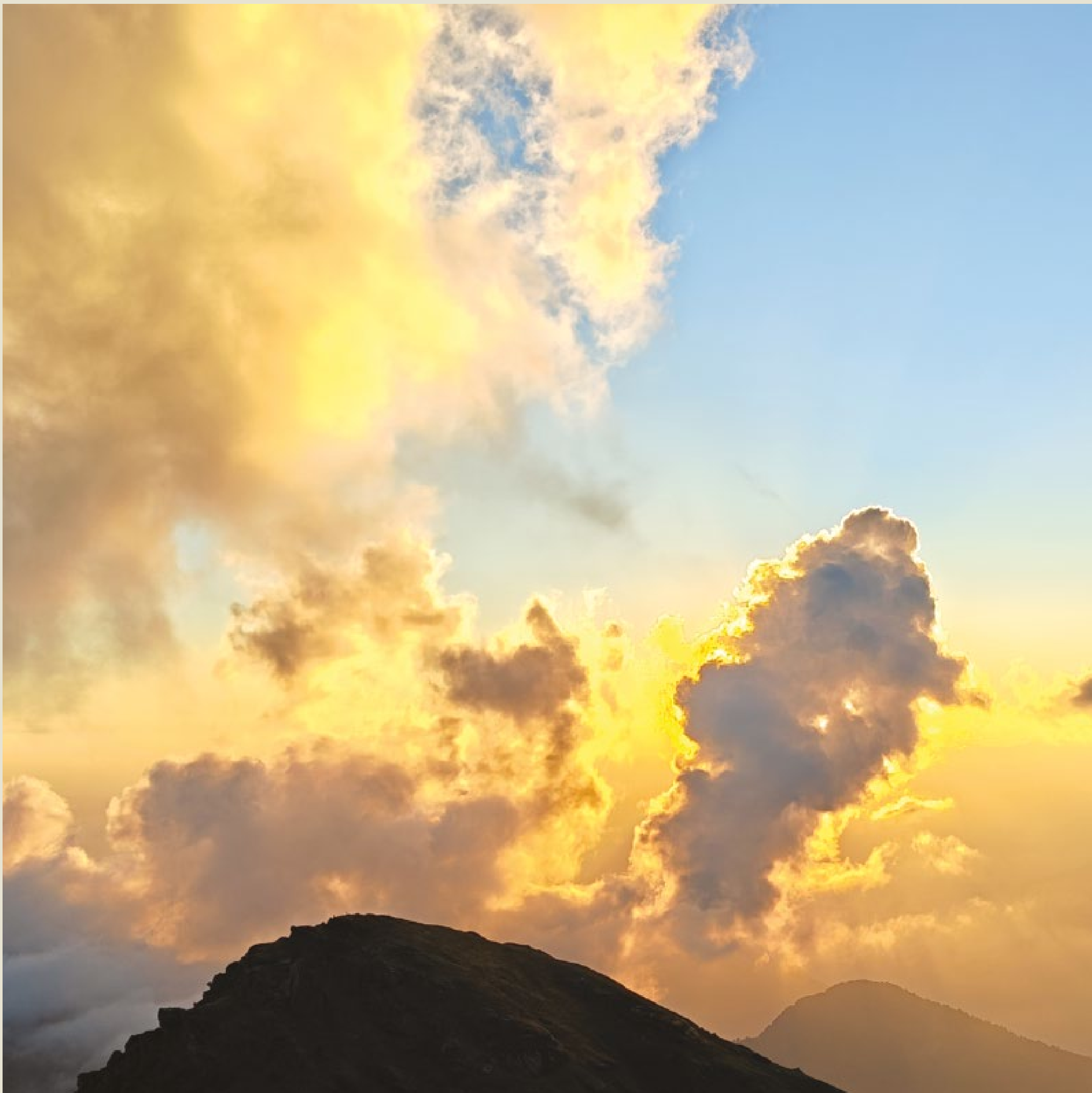
Our findings reinforce a simple idea: advice helps clients stay the course when uncertainty tempts them to act.

Rounding off our analysis is the **M&G Investor Confidence Index** – a weighted measure that brings together investor and adviser sentiment across markets, the economy and personal finances. Serving as a barometer of confidence, it helps reveal how perceptions evolve as conditions change and where advice can make the greatest difference.

Introduction

Investing when volatility, emotion and information overload join forces

In a world of heightened geopolitical disruption, politicians can move markets with a single post. Investors can watch that unfold in real time on their screens. Market volatility can trigger and amplify emotions that precipitate a strong urge to act. Yet, these quick decisions can have critical consequences for long-term wealth strategies and in many cases the effects cannot be easily undone.



Executive summary

Our research dives into adviser and investor motivations, concerns, and options during volatile markets in order to identify where tensions and opportunities exist. We explore three broad themes:

1

Volatility reveals the value of advice

Volatility is a serious emotional trigger that can influence investor behaviour. Having guardrails in place – through financial advice and behavioural coaching – can improve confidence and decision-making.

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2

Adapting to volatility and building resilience

We explore the emotional and behavioural biases that emerge during periods of market uncertainty, and the strategies advisers use to help clients stay focused on long-term objectives – particularly when retirement is in sight.

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3

Advice in an age of abundant information

Technology can improve access, efficiency and personalisation, but human advice provides context, judgement and confidence. Together, they create greater value than either can alone.

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Methodology

We surveyed 500 men and women from across the UK, aged 18 and over, who actively keep track of their investments, representing both advised and non-advised investors. They are grouped into three categories: advised investors with more than £100,000; non-advised investors with more than £100,000 (described as 'affluent'); and non-advised investors with less than £100,000 invested (described as 'non-affluent'). Censuswide carried out the research between 6 and 12 February 2026.

In addition, we surveyed 150 UK-based financial advisers. Research in Finance carried out this survey between 17 and 20 February 2026.

We also carried out in-depth qualitative interviews with four advisers and four investors to help articulate the survey findings. The Agency Partnership conducted these interviews on behalf of M&G between 25 and 27 February 2026. Percentage numbers have been rounded up or down to the nearest whole number.

1 Volatility reveals the value of advice

It's not just stock markets that can be volatile. Emotions can lead to rash, poorly timed decisions and crises of confidence – this is where advice can add real value.

Key takeaways

- Advised investors are around three times less likely to feel anxious and consider rash changes when markets fall sharply than less affluent, non-advised investors (7% vs 20%).
- 96% of advisers say behavioural coaching is a core part of the value they deliver – but half think it makes up less than 30% of that value, suggesting advisers underplay its impact.
- Confidence in volatile markets falls as retirement nears: 83% of all investors feel confident making decisions in volatile markets, dropping to 74% among the over-45s.

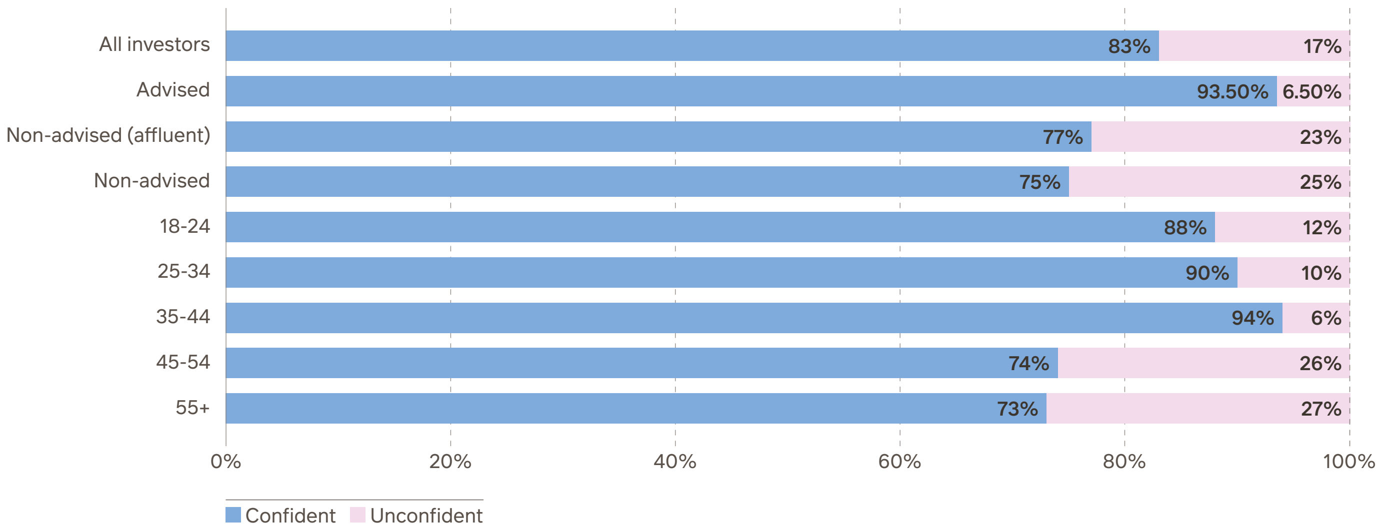
The confidence gap

Our survey tells us that financial advice breeds investor confidence. And the degree to which it does is stark. Only 6.5% of affluent advised investors feel unconfident in volatile markets compared with 25% of non-advised investors.

Confidence declines as investors approach retirement. While 83% of investors feel confident making investment decisions when markets are volatile, this drops to 74% for the over 45s. This is in line with industry evidence* from risk-profiling firms that shows risk tolerance and capacity for loss drop off markedly from age 45 as these investors approach the 'fragile decade' around retirement and their thoughts increasingly turn to the preservation of capital.

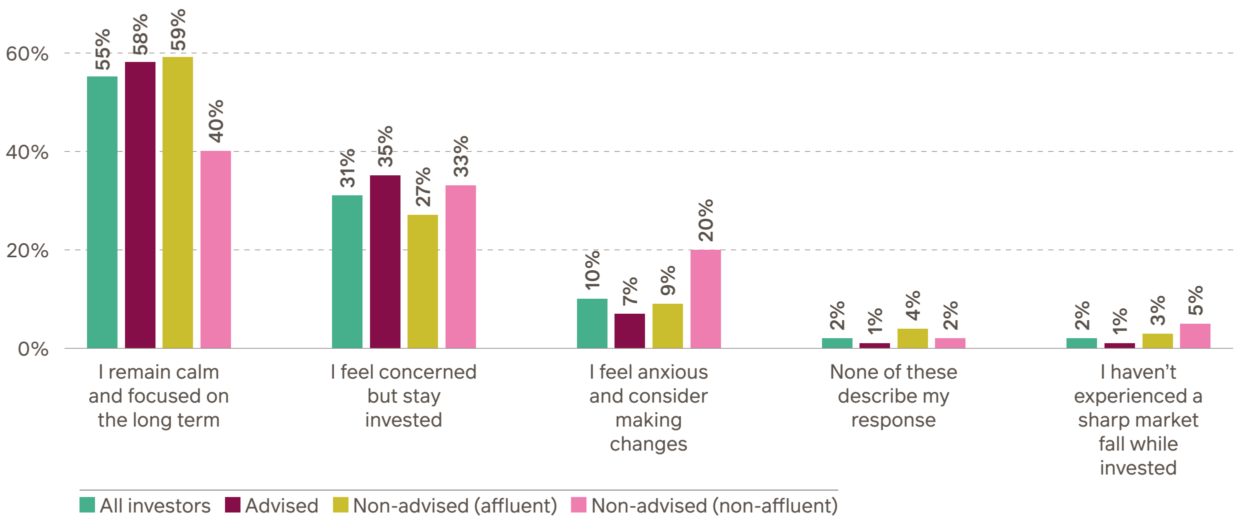
*Dynamic Planner, 15-item Attitudes to Risk Questionnaire (2026).

Investors: How confident do you feel making investment decisions when markets are volatile?



Source: Censuswide, 500 investors.

Investors: When markets fall sharply, what best describes your emotional response?



Source: Censuswide, 500 investors.

Volatility reveals the value of advice continued

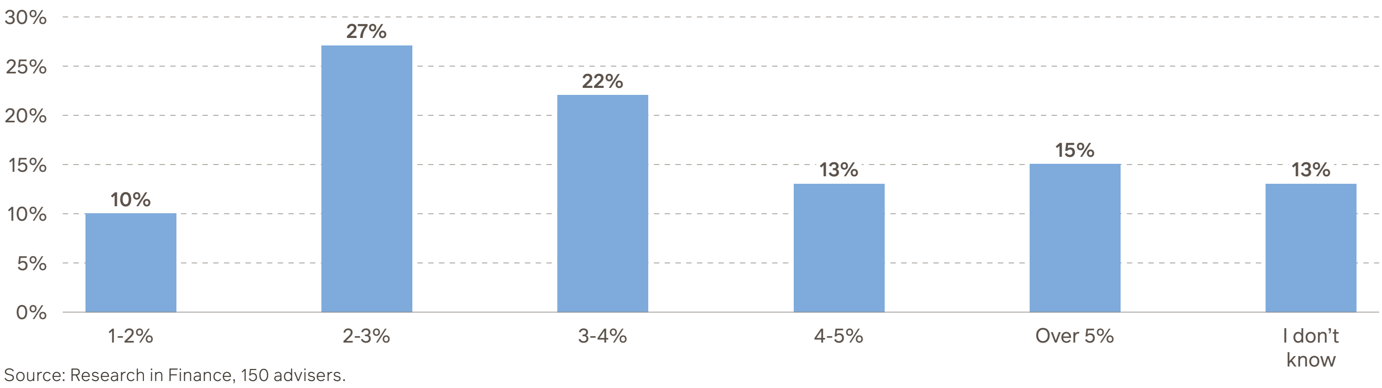
Asked about their emotional response when markets fall sharply, almost 7% of advised investors say they feel anxious and consider making changes. The proportion of less affluent non-advised investors saying this jumps to 20%. Essentially, without an adviser, **investors are around three times as likely to experience anxiety and consider acting on it.**

The value of advice

Volatile markets can cause emotions to run high. When markets are benign, investors may struggle to distinguish between luck, skill and structure. In a sharp drawdown, those distinctions become more apparent. Investors who take financial advice often report lower levels of worry, helping them navigate periods of uncertainty with more confidence and perspective.

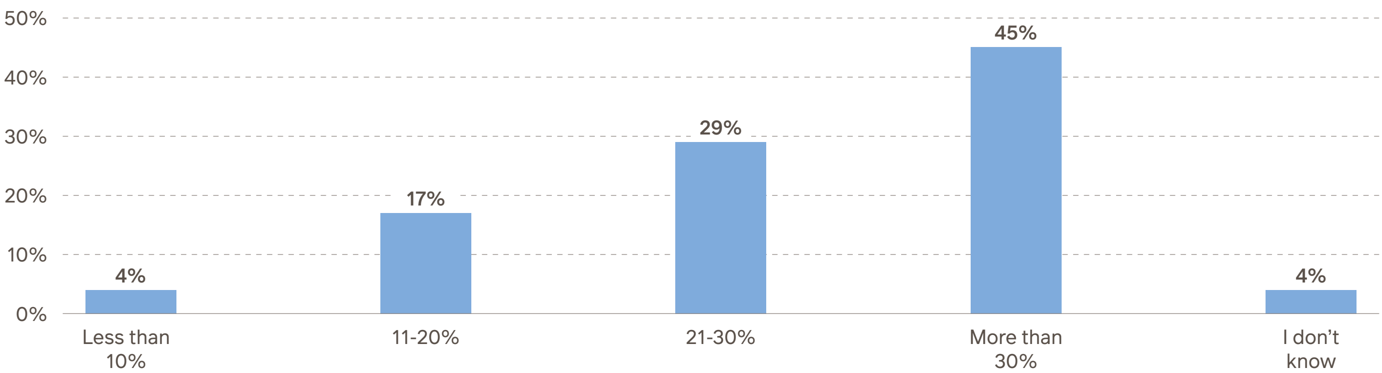
> "The most important thing I always tell my clients is they need to stay on the horse while they're invested."
>
> Financial advice professional, London

Advisers: How much value do you believe advice adds versus non-advised portfolios?



Source: Research in Finance, 150 advisers.

Advisers: What proportion of value provided to clients comes from behavioural coaching?



Source: Research in Finance, 144 advisers.

Much of that support comes through behavioural coaching. Helping clients manage emotions, maintain perspective and stay committed to long-term plans is no longer a peripheral skill – it is increasingly central to effective advice and a key differentiator from technology-only solutions. This importance is recognised by both advisers and investors, although advisers may still underestimate its contribution. First, our survey found that 96% of advisers agree that a significant part of the value they provide comes from helping clients stay disciplined and avoiding emotional decisions, while 81% of investors say their adviser makes them less likely to react and make short-term changes during periods of market volatility. Most advisers (93%) say volatility conversations are primarily about reassurance. Yet around half (51%) estimate that behavioural coaching contributes less than 30% of the value they provide.

This suggests advisers may still understate the impact of one of their most important roles. Just over three-quarters (77%) believe their advice adds at least 2% to client portfolios each year, despite much of that value potentially coming from helping clients avoid costly behavioural mistakes and not just from investment selection.

> "I think peace of mind is worth more than money."
>
> Affluent advised investor, Hertfordshire

While reassurance and behavioural coaching are central to helping clients navigate volatility, they are not always recognised as key drivers of long-term investment outcomes. As digital tools and AI take on more routine investment tasks, human judgement, context and behavioural coaching become increasingly important differentiators. The ability to help clients stay disciplined and confident during periods of uncertainty may prove to be one of the clearest measures of advice's enduring value.

A shift in adviser self-perception

In investing, uncertainty and anxiety often go hand in hand. Our research reveals that 46% of investors and 62% of advisers expect market volatility to increase over the next 12 months, with unpredictable politics and policy decisions amplifying a sense of global instability. The outlook is not shared equally. Younger investors are more optimistic than their older peers: they are almost six times more likely to believe volatility will decrease over the next 12 months and four times more likely to expect less geopolitical disruption. By contrast, older investors tend to anticipate a more unsettled environment, heightening the importance of support that helps them stay focused on long-term goals.

> "Logically I know it's going to be fine, but emotionally it does cause worry."
>
> Self-directed index investor, London

Against this backdrop, advisers are increasingly valued not simply for their investment expertise, but for the behavioural support they provide. Indeed the role of providing advice, reassurance and discipline is not just to protect clients from market movements but to help them navigate uncertainty without abandoning long-term plans – a shift that is increasingly redefining how advisers perceive their own value.

Volatility reveals the value of advice continued

Things to consider for your client conversations

- **Emphasise behavioural coaching as a core element of your value proposition**
  Be as confident in articulating your role as an emotional coach as that of a financial planner. By making this a more explicit part of conversations with clients and prospects, it can help to showcase the true value of human advice in the digital age.

- **Tailor coaching to clients' individual emotional drivers**
  Investors have different financial personalities – some will respond better to evidence that markets will rebound longer term (positive motivation) while others will respond more strongly to the pain of loss (negative motivation). Some will thank you for preparing them in advance of volatility, others will still need a stronger degree of guidance throughout the market pullback.

- **Treat AI driven queries and concerns with an open mind**
  Clients will get investing information online, so work alongside – rather than against – their other sources. If they're not to be trusted, help your clients see why. If it's simply a difference of opinion but still substantiated, explain why you disagree.

Anusha Mittal,
Managing Director – Individual Life and Pensions, M&G Life

Confidence starts long before markets move

In more uncertain markets, the pressure to act builds quickly.

The Compass findings show how easily sentiment can shift: Without advice, uncertainty can turn into anxiety and the urge to act. With advice, those same moments are more often met with perspective and control.

Most advisers will recognise those conversations. They are less about allocation and more about reassurance, helping clients make sense of what's happening and whether to stay the course.

Yet that isn't always how advice is described. Technical expertise often takes the lead, while the behavioural side sits more quietly in the background. The findings suggest that balance may be the wrong way around – clients place real value on feeling supported through uncertainty and on having the confidence to stay with a plan when it matters.

I believe there's something to take from that. Not a need to rethink advice, but to be more explicit about what clients value. Because when clients look back, it's often the conversations that gave them the confidence to stick with a decision, not just the decision itself.

2 Adapting to volatility and building resilience

Key takeaways

- Almost half of investors (48%) shift into defensive positions during market turbulence – often against their own long-term interest.
- Appetite for diversification is rising fast: 77% of investors would consider an easy-access fund with private assets, and 62% of advisers agree diversification is a key benefit of private markets.
- Risk tolerance fades sharply in the 'fragile decade' around retirement, yet only 31% of advisers have a distinct strategy for this life stage.

Emotional resilience is only part of the equation. Investors also need portfolios, plans and decision-making frameworks that can withstand periods of uncertainty. Yet when markets become unsettled, even the best-laid plans can come under pressure.

Adapting to volatility continued

If behavioural coaching helps investors navigate volatility, resilient portfolio design helps them endure it. We explore how advisers can help investors avoid costly reactions and stay focused on their goals when markets become unsettled. Having covered the importance of emotional resilience, it's just as important to look at how the wealth industry can build more robust, well-diversified, easy-access multi-asset portfolios that dampen volatility yet still provide desired long-term outcomes.

When volatility hits, everyone wants to do something

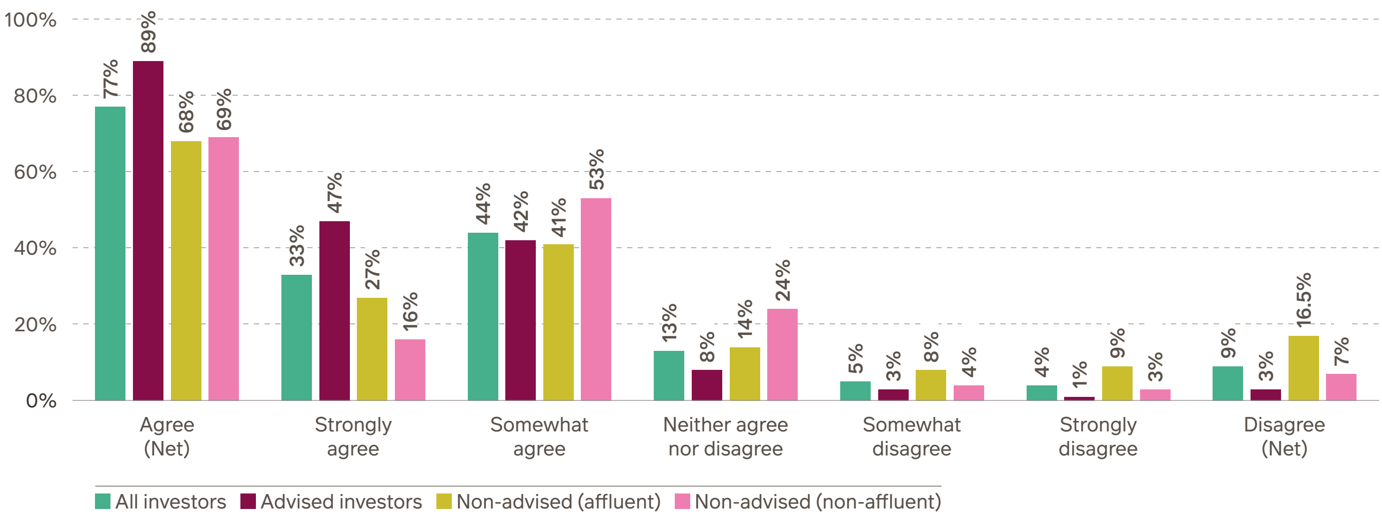
The instinct to act during periods of volatility is widespread. Whether that means moving to cash, seeking safer assets or pursuing a new opportunity, uncertainty often challenges even the most carefully considered long-term strategies.

Almost half of investors (48%) report moving into more defensive positions during a recent period of market turbulence. Advisers cite loss aversion as the most common behavioural bias influencing client decisions (69%), followed by herd behaviour, anchoring and confirmation bias (around 40% each), and overconfidence (27%).

In the moment, seeking shelter in lower-risk assets or cash may feel 'right' or 'prudent', even when the long-term case for doing so is understood to be ineffective for building portfolio wealth.

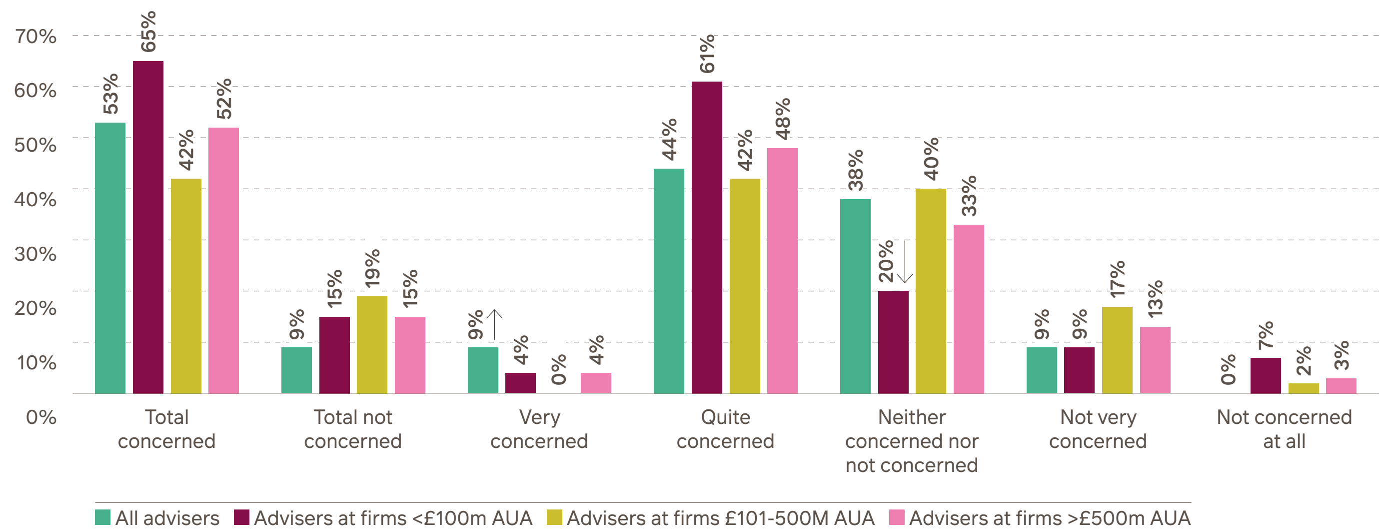
> We did have clients wanting to switch to cash during the tariff volatility."
>
> Financial advice professional, London

Investors: Would you consider putting money in private assets if there were an easy-to-access fund?



Source: Censuswide, 500 investors.

Advisers: Majority concerned about US concentration risk



Source: Research in Finance, 150 advisers.

77%

of investors would consider moving money into an easy-to-access fund that included private assets if one were available to them.

Seeking safety – and seeking something different

The case for private assets gained greater attention in 2022, when equities and bonds fell together, prompting renewed debate about traditional diversification.

62%

of advisers agree that diversification is a key benefit of private market allocation.

This brought the relevance of the once 'go-to' 60/40 equity-bond portfolio into question. Retail investors – encouraged by government – were waking up to the potential of an asset class institutional investors had been using for decades.

Beyond private assets, perceivably exciting opportunities abound in newer, less-regulated alternative assets like cryptocurrency. A very different asset from private markets but one in which investor interest is strong. According to our survey, net consumer interest in investing in crypto assets sits at 61%, climbing above 80% for both affluent advised investors and the younger 18-34 age groups.

Curiosity itself is not a problem. It becomes one when it translates into actions that undermine a long-term financial plan. One opportunity for advisers is to help clients distinguish between a genuine search for diversification and investment decisions driven by herd behaviour, market narratives or social media influence.

Financial advisers are much more reticent on cryptocurrency. While much has been done to bring crypto into mainstream investing, advisers have been slow to embrace the use of these assets in financial plans, and it may well be something that advised investors do outside of their advised relationship.

10%

Just 10% of advisers say they're interested in adding crypto assets to their investment strategies.

The challenge for advisers is helping clients distinguish between diversification that supports resilience and novelty that introduces new risks.

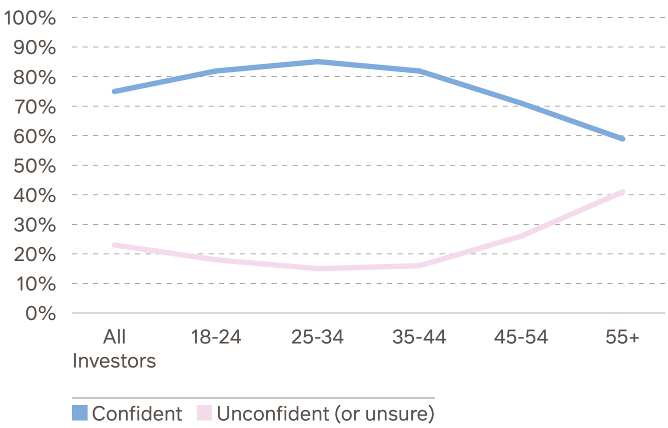
Building resilience when time is of the essence

Events – both internal (personal or life stage) and external (geopolitics or market moves) – can have a huge impact on our emotional resilience. While the calm, evidence-based voice of the adviser should reign supreme, it sometimes clashes with that of the client.

One area where this misalignment shows up is in the so-called 'fragile decade' – the five years before retirement and the first five years into drawdown. This is the phase of life where risk tolerance starts to fade.

We asked investors how comfortable they are taking investment risk at the moment. The results show a steady decline in risk tolerance as investors move closer to retirement:

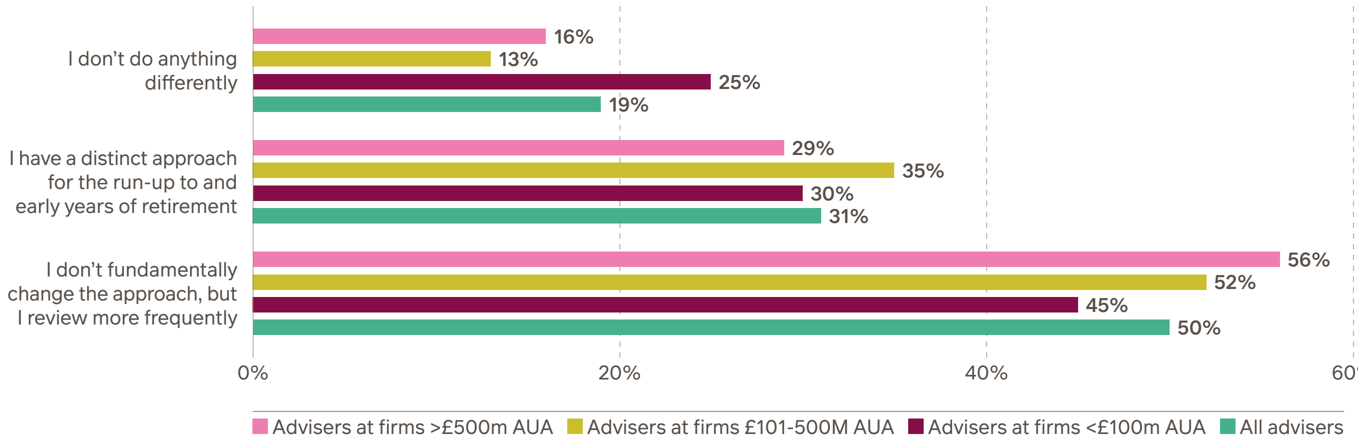
Investors: Confidence drops in the 'fragile decade'



Source: Censuswide, 500 investors.

Adapting to volatility continued

Advisers: Mixed approach to 'fragile decade' investors



Source: Research in Finance, 150 advisers.

Yet relatively few advisers appear to be adapting their approach to match this heightened vulnerability. Less than a third (31%) say they have a distinct investment strategy for the period immediately before and after retirement.

This matters because poorly timed decisions can have an outsized impact during this stage of life. Investors have less capacity to recover from shortfalls once they begin drawing an income, making both defensive shifts and speculative investment decisions more consequential.

> "We tend to try and shield our clients from that volatility in that more delicate period of their life."
>
> Financial advice professional, London

If increased volatility strikes during this period, the risk – and therefore the desire to act – is amplified. And, advisers are currently wary of developing risks – 52% of advisers say they are concerned that multi-asset funds are overly concentrated in US technology shares.

A practical response is for advisers to recommend portfolios that protect against volatility at the time it matters most. That means building resilience through more diversified portfolios beyond the traditional multi-asset mix (based on a variant of the 60/40 equity-bond portfolio), and considering options that aim to smooth volatility by embracing meaningful exposure to alternative assets.

A more resilient, 'shock-absorbing' portfolio – diversified using private assets and alternatives – can help lower portfolio volatility and the emotional reactions to it. For investors in the 'fragile decade' especially, greater diversification may not simply improve risk-adjusted outcomes – it may help them stay invested when markets are at their most challenging.

Things to consider for your client conversations

- **Normalise the urge to act**
  Acknowledge our human instincts – it's natural to want to move to safety when markets fall or explore new ideas when old ones feel tired. By creating the space for honest and open discussions you can reframe curiosity around short term actions back to long-term progress towards agreed financial goals.

- **Invite curiosity into the conversation**
  If clients express interest in investment types you hadn't built into their plan, such as private markets or other alternatives, invite them to explain what they're hearing and why it appeals. It might be an opportunity to allocate a small proportion to satisfy their new interest, without compromising the integrity of the broader plan.

- **Face into the 'fragile decade'**
  When the stakes become higher as clients approach retirement, it's a key time to re-evaluate attitudes to risk and capacity for loss, demonstrate the impact of sequencing risk, stress-test the portfolio, and model the impact of negative scenarios, while leaning into the changing psychological needs of this cohort.

Ciaran Mulligan,
Chief Investment Officer,
M&G Life

How good investment design reduces the need for reaction

Volatility has a way of making every decision feel more urgent.

In the Compass data, we see that investors often feel the pull to move to safety or explore something different, including newer areas like crypto. Both reactions are very understandable – they reflect a natural behavioural response to uncertainty, where the instinct to do something can feel stronger than the case for staying the course.

From an investment perspective, the more important question is how much reacting is really needed in the first place. For me, it comes back to portfolio design.

Well-constructed portfolios are built to work across a range of outcomes, drawing on a broader set of return drivers and balancing risk through the cycle. True diversification sits at the heart of that, particularly when assets don't behave as expected. Smoothing and exposure to a wider set of return sources can also help dampen the emotional highs and lows that so often drive poor timing decisions.

This becomes especially important as investors approach retirement – the 'fragile decade' – when tolerance for drawdowns falls and resilience matters more.

When portfolios are designed with diversification, smoothing, and a long-term lens, the need to react can often be reduced. That helps clients stay the course and avoid the behavioural traps that tend to surface when markets feel unsettled.

3

Advice in an age of abundant information

As information becomes abundant, the value of advice increasingly lies in interpretation, judgement and reassurance.

Key takeaways

- 74% of investors are using, or considering using, AI tools – but only 6% treat it as their primary source of information, so AI is supplementing advice, not replacing it.
- 96% of advised clients say ongoing human advice remains important to them, even as digital tools become more accessible.
- Advisers' top concern with AI (61%) is over-reliance at the expense of human judgement – precisely the nuance clients say they value most.

Financial advice is evolving in response to an age of abundant information. As investors gain access to more tools, data and digital channels, the value of advice is shifting from access to information towards helping people make sense of it.

Advice is becoming more about interpretation than information

We live in a world where information has never been more accessible, immediate and ever-changing. Investors now have tools, portals and apps in their pockets. News and opinion – often conflicting or unsubstantiated – land 24/7.

Against this backdrop, there is already an evident shift in how investors engage with information. Around three-quarters (74%) of investors are using, or considering using, AI tools in their investment process, with 37% already doing so. Yet AI remains part of a broader mix rather than a dominant resource – only 6% cite it as their primary source of information.

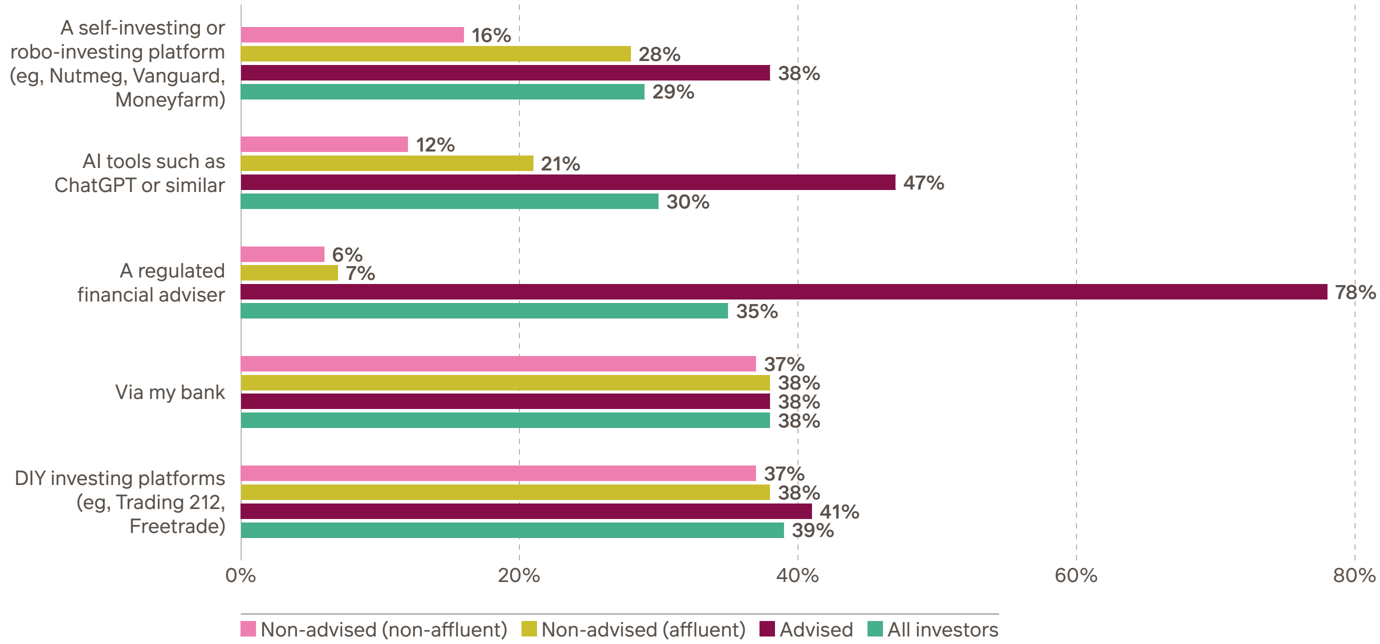
These findings suggest investors are exploring AI but not relying on it. Even among non-advised investors using AI, only 6% believe it removes the need for professional advice.

6%

Only 6% of non-advised investors using AI feel it negates the need for human professional advice.

At the same time, many people – particularly those without advice – are turning to non-traditional channels. While 14% of all investors say they get the majority of their advice from social media or 'finfluencers', this proportion rises to 23% for less wealthy, non-advised investors. Such channels can provide an important introduction to investing, particularly for younger audiences. However, they can also amplify misinformation, encourage short-term thinking and heighten the risks around decisions driven by the 'fear of missing out' (FOMO).

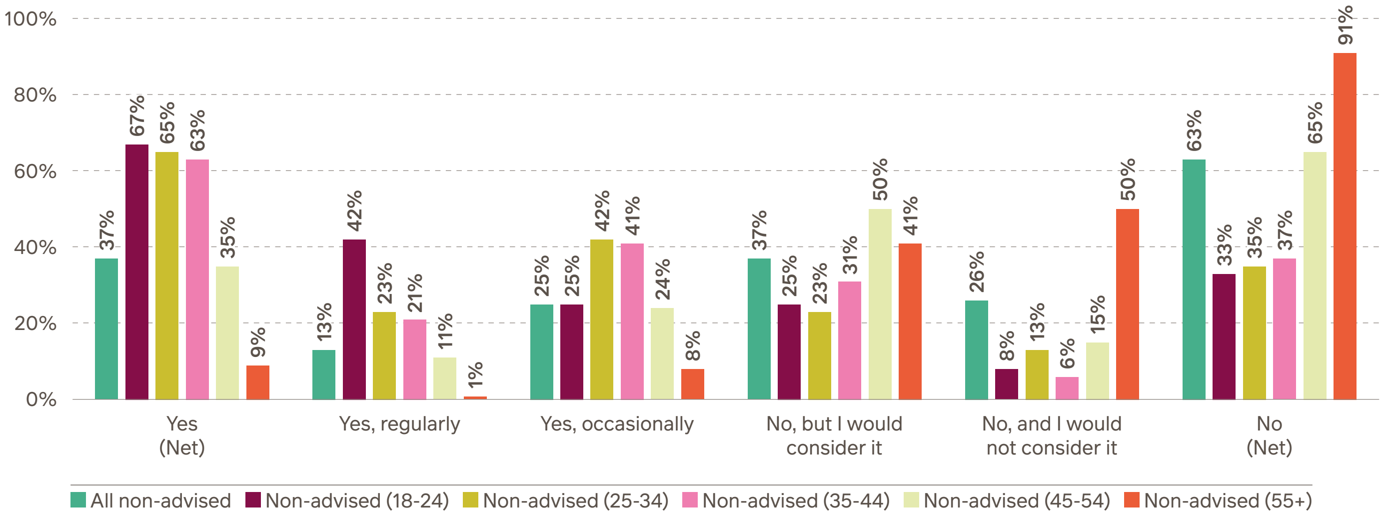
Investors: Which tools do you use to manage investments?



Source: Censuswide, 500 investors.

Advice in an age of abundant information continued

Non-advised investors: Have you used AI tools to help you invest?



Source: Censuswide, 300 investors.

More information does not mean less need for advice

The growth of AI and digital information sources is not having a uniform effect on investors. While over half say it doesn't change how they feel about advice, opinion among the remainder is split. Around one in six investors say access to AI makes them feel they need less advice, while another one in six say using AI makes them feel they need more advice.

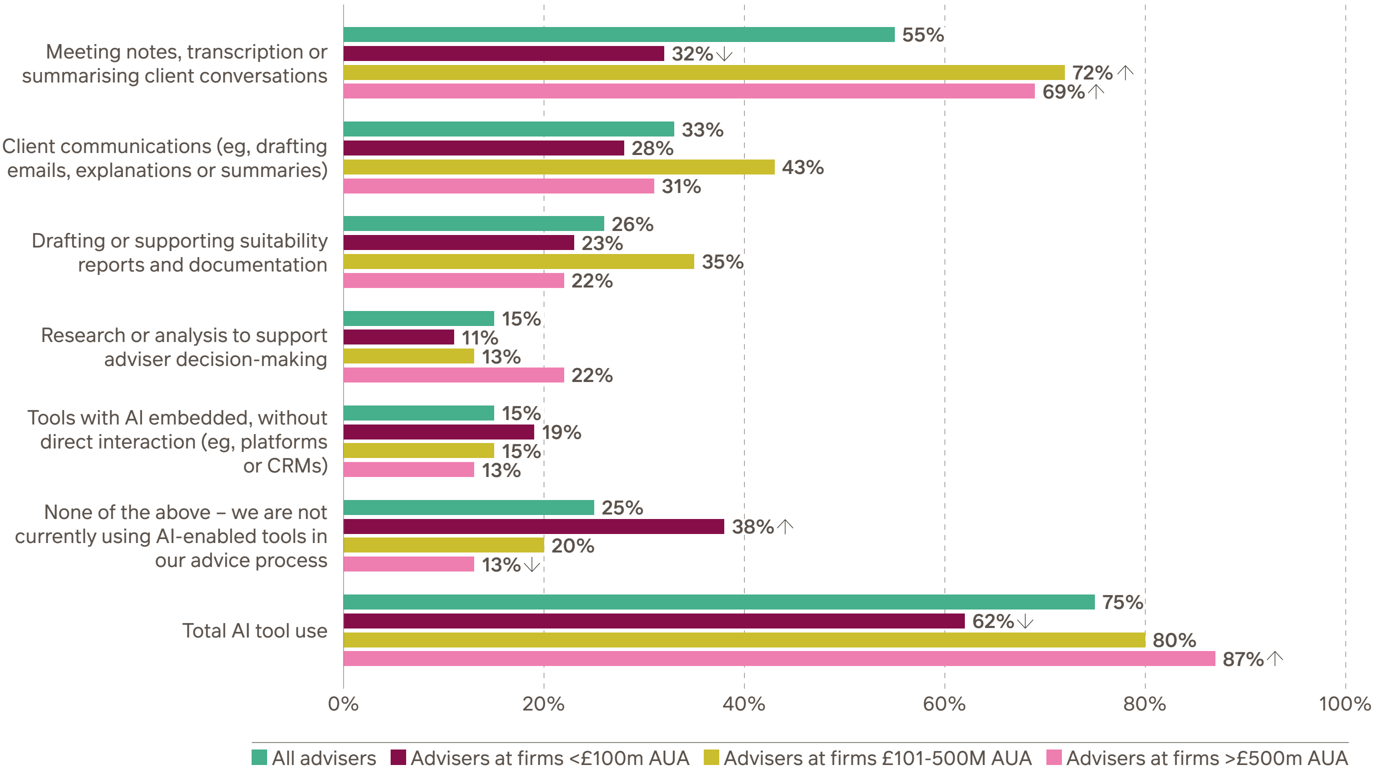
Abundant information is asymmetric in its impact. Some investors feel empowered by greater access to information; others feel overwhelmed by it. The challenge is no longer finding information but understanding what matters, filtering out noise and translating information into confident decisions.

This is particularly important during periods of uncertainty, when markets are volatile and information flows intensify. In those moments, advice provides something technology alone struggles to replicate: context, perspective and behavioural support.

Advisers are using AI to focus on higher-value work

The same technologies reshaping investor behaviour are also changing how advice is delivered. Roughly three-quarters of advisers report using AI-enabled tools within their advice process, primarily to support administrative and operational tasks such as meeting notes, transcriptions and drafting client communications.

Advisers: What are you using AI for?

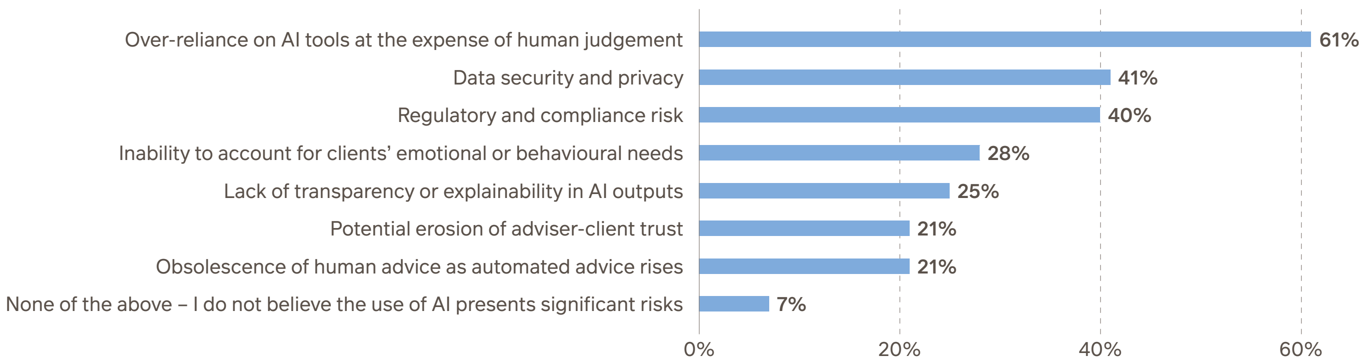


Source: Research in Finance, 150 advisers.

Rather than replacing advisers, AI is freeing up their time. And that time is being redirected towards client relationships, behavioural coaching and decision support. But advisers aren't naïve. When asked about the risks they associate with AI for investing and financial advice, 61% identified over-reliance on AI at the expense of human judgement as the biggest risk.

> **"When you're younger, you can be too proud and want to do things on your own, but in hindsight it wasn't the best decision."**
>
> Non-advised investor, Derby

Advisers: Which of the following risks do you see with AI and investing?



Source: Research in Finance, 150 advisers.

Advice in an age of abundant information continued

Many of the risks advisers highlight stem from situations where nuance, context and individual circumstances matter most. Consistent with this, only 16% of investors are comfortable with fully automated investing through AI, while 13% do not want AI involved at all and would prefer advice to be delivered entirely by a human adviser.

Ultimately, faith in human advice remains strong. Among advised clients, 96% say ongoing human advice is important to them, providing compelling evidence of its enduring value according to the people best placed to know.

The hybrid future

The rise of AI and digital tools is not eliminating the demand for advice; it is reshaping expectations around how advice is delivered. While one in five investors believe AI could reduce their need for professional advice, only 13% of non-advised investors say they'd prefer a fully digital service. The clear direction of travel is towards hybrid models, combining digital efficiency with human expertise – in other words, AI is not a threat but an opportunity.

This opportunity becomes even more apparent through an age-related lens. Compared with those aged over 55, investors under 45 are:

- More confident
  - Almost 40% of investors under 45 are very confident making investment decisions during periods of volatility compared to only 16% of those over 55.
- More open-minded around AI
  - Over 25% of investors under 45 are open to automated investing through AI vs 1% for those over 55.
- More values-driven
  - Of those surveyed, 67% of under 45s versus 22% of over 55s have actively selected the majority of their investments to align with their values surrounding environmental, social and governance (ESG) issues.
  - 80% of under 45s and 45% of over 55s would be happier with their investment choices if they knew that they were directly contributing to improving the UK (eg, water treatment, broadband access, clean power, energy-efficient buildings, etc).

Younger investors are also more reactive to information. More than half (56%) say press speculation would prompt them to contact an adviser, compared with 14% of investors aged over 55.

> "You're not going to get reassurance by googling."
>
> Financial advice professional, East of England

A powerful dynamic emerges, where digital tools increasingly engage and empower younger investors, while also exaggerating noise, overconfidence and behavioural biases on the other.

As these investors age, their needs will evolve. They too will face the 'fragile decade' one day – when their risk tolerance may fall, and their demand for certainty may rise. In such an environment, the role of advice becomes more crucial.

Advisers today are increasingly embracing AI's support to tackle the lower-value, repeatable tasks. This alleviates time pressure, allowing them to focus on what matters most – judgement, market context and the behavioural coaching skills that help clients to stay the course through volatile times.

Things to consider for your client conversations

- **Embrace AI in your value proposition**
  Reposition AI as part of your solution, rather than see it as a potential competitor. By explaining how you use it – to monitor portfolios, gather information more quickly and handle routine tasks – you can also emphasise the real value you add that AI cannot.

- **Meet clients where they are**
  Understand their preferred media and channels to acknowledge their digital habits and information sources, recognising that while social media use carries risks it can also be a valuable gateway into investing for younger investors.

- **Use AI to tailor to clients' preferences**
  AI can help you to manage and communicate more personally with clients – according to their investing personalities – how they like to be steered, motivated, taught and encouraged. Different investors will need different forms of behavioural support to stay on course and you can use AI to develop client personas that can automate that personalisation.

Ross Liston,
Chief Executive Officer, Advice, M&G Life

How advisers manage behaviour in times of abundant information and ongoing volatility

AI is becoming part of how clients engage with investing.

Insights from the Compass research confirm many are already using it to make sense of decisions, but few treat it as a substitute for financial advice. Access to information is no longer a barrier, interpretation is. Clients now arrive having formed views, sometimes with confidence that doesn't hold up in conversation. That changes the dynamic.

Across the industry, advisers are adapting. AI is improving efficiency and freeing up time for conversations and decisions. But the risks are familiar: over-reliance, outputs that are hard to explain and recommendations that don't quite fit the individual.

These become more visible in volatile markets, when decisions are shaped as much by emotion as information. AI can help sort data and highlight options. But it doesn't know the client, and it doesn't carry the consequences of the decisions made.

As AI becomes part of the advice process – rather than an alternative solution – it will strengthen the role advisers play in coaching and guiding clients through volatile times. Let's redefine financial advice not as a transaction, but as a human-centred experience that builds confidence for generations to come.

Conclusion

The overarching message from our findings is clear: advice comes into its own during periods of uncertainty.

- **Sharp market movements expose both portfolio and emotional vulnerability.** If money is emotional before it is financial, then helping investors manage their emotions is critical to achieving good long-term outcomes. Our findings suggest behavioural coaching is highly valued by clients, yet its importance may still be underplayed by advisers.
- **Investor confidence must be supported by resilient portfolio construction.** Genuinely diversified, forward-looking investment portfolios that can absorb market shocks and reduce the volatility investors experience can help give investors the confidence to stay invested when uncertainty rises.
- **As AI enables firms to achieve greater operational efficiency, advisers can focus on what clients value most:** human judgement, perspective, reassurance and support when decisions feel difficult. In an increasingly information-rich world, the value of advice lies less in providing information and more in helping investors make sense of it.

Ultimately, helping clients manage emotions, maintain confidence and stay invested through uncertain times gives them the best chance of achieving good long-term outcomes.

M&G Investor Confidence Index

Expectations shape decisions. Understanding how advisers and investors are feeling about the year ahead can inform conversations on everything from asset allocation to saving habits, while clarifying investment objectives.

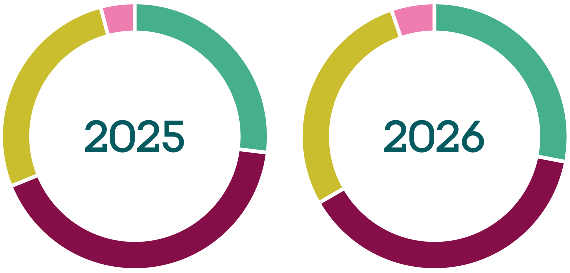
Our **trend data** shows two years of investor findings which is shown in the charts, while the tables also provide adviser responses for 2026. Taken together, this data forms our **M&G Investor Confidence Index** – serving as a barometer for how investors and advisers are feeling and where they may be misaligned.

Data compiled in February 2026.

Increase Decrease Stay broadly the same Unsure

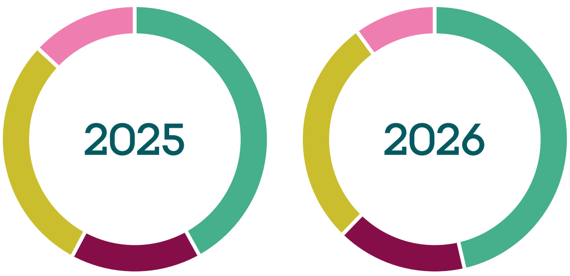
Do you expect the following to trend up or down over the next 12 months?

Health of the UK economy



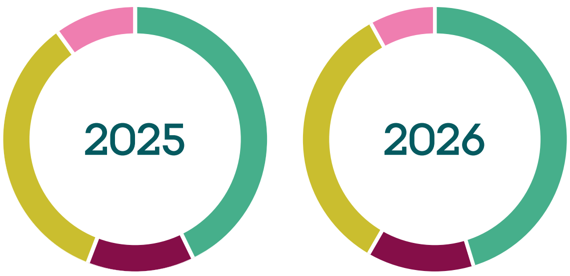
	Investor 2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	27%	28%	1%	23%	5%
Decrease	42%	38%	-4%	37%	-1%
Stay broadly the same	27%	28%	1%	38%	10%
Unsure	4%	5%	1%	2%	-3%

Geopolitical disruption



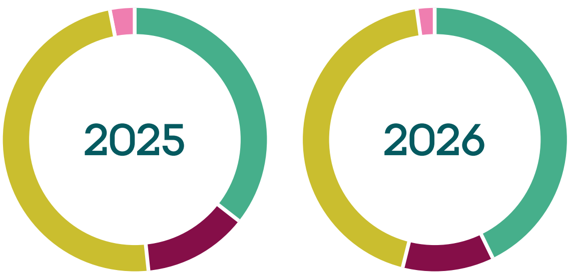
	Investor 2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	42%	47%	5%	70%	23%
Decrease	16%	16%	0%	0%	-16%
Stay broadly the same	29%	28%	-1%	27%	-1%
Unsure	13%	10%	-3%	3%	-7%

Market volatility



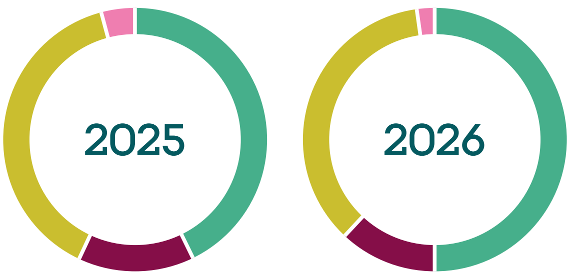
	Investor 2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	43%	46%	3%	62%	20%
Decrease	13%	13%	0%	1%	-12%
Stay broadly the same	34%	34%	0%	35%	1%
Unsure	10%	8%	-2%	2%	-6%

My household income level*



	Investor 2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	36%	43%	7%	24%	-19%
Decrease	13%	11%	-2%	9%	-2%
Stay broadly the same	49%	44%	-5%	67%	23%
Unsure	3%	2%	-1%	0%	-2%

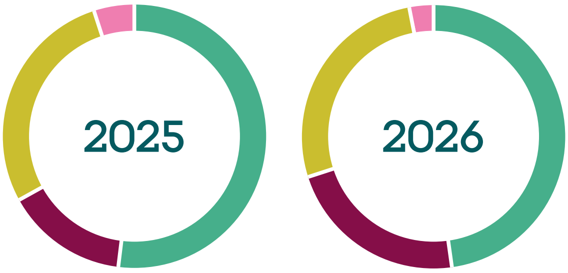
My household savings level*



	Investor 2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	43%	50%	7%	30%	-20%
Decrease	14%	12%	-2%	16%	4%
Stay broadly the same	39%	36%	-3%	53%	17%
Unsure	4%	2%	-2%	1%	-1%

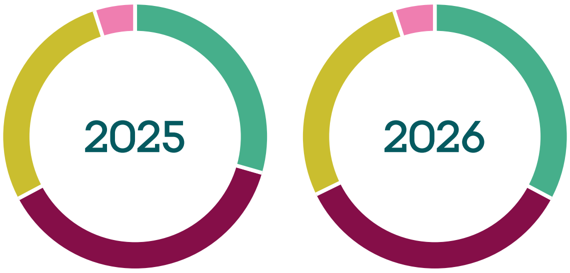
*Adviser view on level of clients.

Inflation



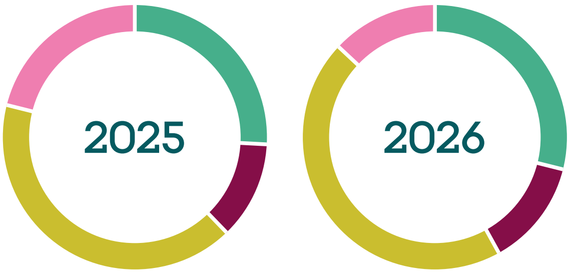
	2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	52%	48%	-6%	17%	-31%
Decrease	15%	22%	7%	31%	9%
Stay broadly the same	28%	27%	1%	51%	34%
Unsure	5%	3%	-2%	1%	-2%

Interest rates



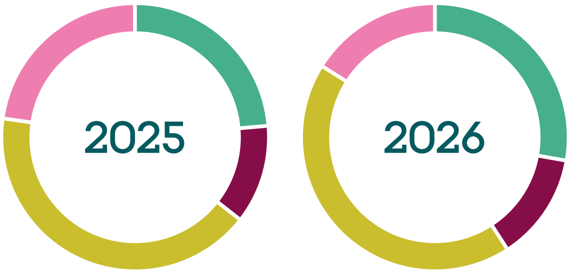
	2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	30%	33%	3%	5%	-28%
Decrease	38%	35%	-3%	65%	30%
Stay broadly the same	28%	27%	-1%	30%	3%
Unsure	5%	5%	0%	0%	-5%

Returns from equities relative to history



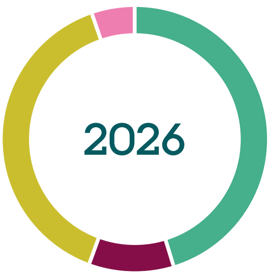
	2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	26%	29%	3%	14%	-15%
Decrease	12%	13%	1%	29%	16%
Stay broadly the same	41%	45%	4%	56%	11%
Unsure	21%	13%	-8%	1%	-12%

Returns from bonds relative to history



	2025	Investor 2026	Difference	Adviser 2026*	Difference to Investor 2026
N	1,002	500			
Increase	24%	28%	4%	31%	3%
Decrease	12%	13%	1%	13%	0%
Stay broadly the same	42%	43%	1%	52%	9%
Unsure	23%	16%	-7%	4%	-12%

The return on my investments*
(New question for 2026)



	2025	Investor 2026	Adviser 2026*	Difference to Investor 2026
N		500		
Increase		45%	23%	-22%
Decrease		10%	33%	23%
Stay broadly the same		39%	38%	-1%
Unsure		5%	6%	1%

*Adviser view on level of clients.

M&G Investor Confidence Index**

	Economy	Market	Personal Finance	M&G Investor Confidence Score
Investor 2025	38	40	62	47
Investor 2026	39	44	66	50
Adviser 2026	48	39	52	46

Sentiment scale: 0 (negative outlook) – 100 (positive outlook)

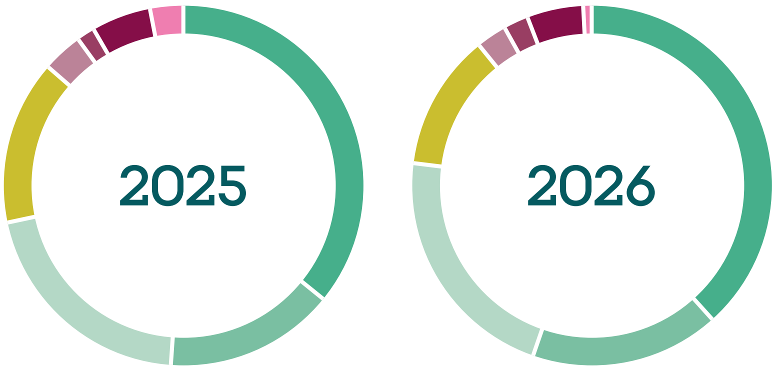
Investors are more optimistic than advisers when it comes to markets and personal finances, while advisers take a slightly more positive view of the economic outlook. The biggest gap is in personal finance, where investor confidence is notably higher than adviser sentiment (66 vs 52).

The M&G Investor Confidence Score is the average of the three pillar indices, each built by converting the trend-expectation charts into sentiment scores – the **economy pillar (geopolitics, UK economy, inflation, interest rates), the **market** pillar (market volatility, equity returns, bond returns), and the **personal finance** pillar (household income, household savings, return on investments) – together, these form one overall confidence measure. For 2026, the new question "The return on my investments" has been added to the personal finance pillar, but had no impact on the overall score. The trend results remain comparable.

Additional trend data

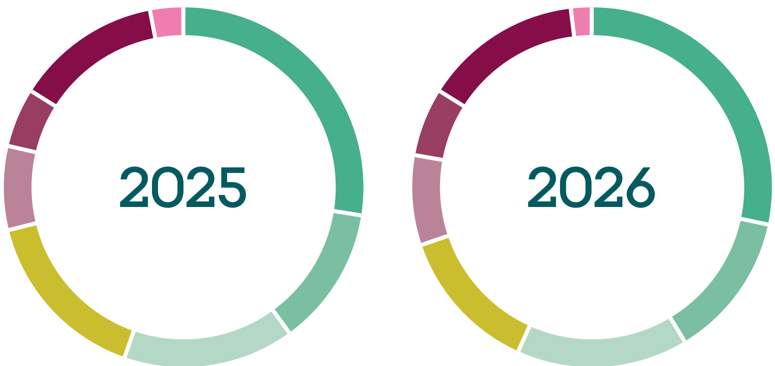
To what extent, if at all, do you agree or disagree with the following statements with regard to your current and planned investments, including your pension?

I would be happier with my investment choices if I knew that they were directly contributing to improving the UK (eg, water treatment, broadband access, clean power, energy-efficient buildings, etc)



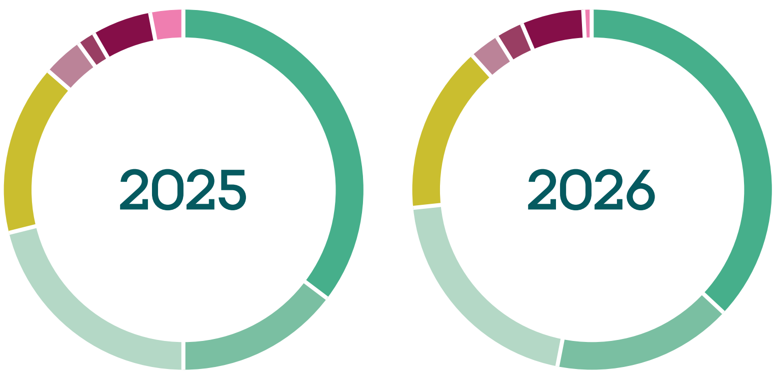
	2025	2026	Difference
N	1,002	500	
Agree (Net)	61%	69%	8%
Strongly agree	26%	30%	4%
Somewhat agree	35%	39%	4%
Neither agree nor disagree	25%	22%	-3%
Somewhat disagree	6%	5%	-1%
Strongly disagree	3%	4%	1%
Disagree (Net)	9%	9%	0%
Not applicable	5%	1%	-4%

I have actively selected the majority of my investments to align with my values surrounding Environmental, Social, and Governance (ESG) issues



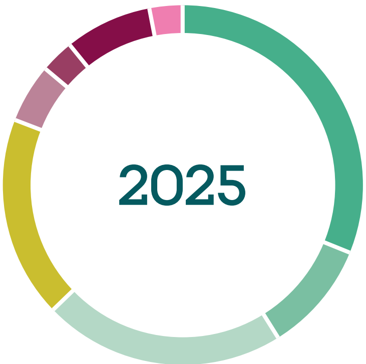
	2025	2026	Difference
N	1,002	500	
Agree (Net)	47%	50%	3%
Strongly agree	21%	23%	2%
Somewhat agree	26%	27%	1%
Neither agree nor disagree	27%	23%	-4%
Somewhat disagree	13%	14%	1%
Strongly disagree	9%	11%	2%
Disagree (Net)	22%	25%	3%
Not applicable	5%	3%	-2%

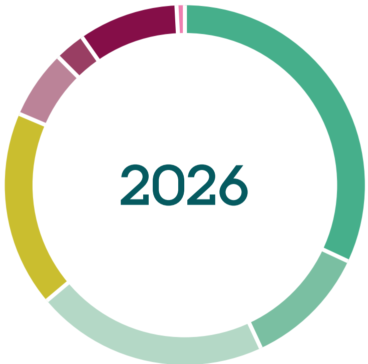
I'd be happier about my investment choices if I see them having positive and tangible impact on the region I live in (ie, infrastructure projects, etc)



	2025	2026	Difference
N	1,002	500	
Agree (Net)	60%	64%	4%
Strongly agree	25%	28%	3%
Somewhat agree	36%	35%	1%
Neither agree nor disagree	26%	26%	0%
Somewhat disagree	6%	5%	-1%
Strongly disagree	3%	4%	1%
Disagree (Net)	9%	10%	1%
Not applicable	5%	1%	-4%

I have felt that there is a conflict between gaining good investment returns and doing good with my investments



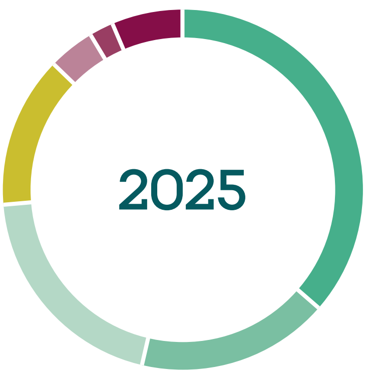


	2025	2026	Difference
N	1,002	500	
Agree (Net)	53%	54%	2%
Strongly agree	17%	19%	2%
Somewhat agree	36%	35%	-1%
Neither agree nor disagree	30%	30%	0%
Somewhat disagree	9%	10%	1%
Strongly disagree	5%	5%	0%
Disagree (Net)	13%	15%	2%
Not applicable	5%	1%	-4%

If there were an easy-to-access investment fund which included private assets, I would consider moving some of my money into it

	2025	2026	Difference
N	1,002	500	
Agree (Net)	68%	77%	9%
Strongly agree	27%	33%	6%
Somewhat agree	42%	44%	2%
Neither agree nor disagree	24%	13%	-11%
Somewhat disagree	6%	5%	-1%
Strongly disagree	2%	4%	2%
Disagree (Net)	7%	9%	2%

How likely or unlikely would be to invest in a smoothed fund? (explanation given below)†



	2025	2026	Difference
N	1,002	500	
Appealing (Net)	64%	72%	8%
Very appealing	30%	27%	-3%
Somewhat appealing	35%	45%	10%
Indifferent	24%	16%	-8%
Somewhat unappealing	7%	5%	-2%
Very unappealing	4%	5%	1%
Unappealing (Net)	11%	10%	-1%
Unsure††	N/A	3%	N/A

†A smoothed fund is designed to help reduce the impact of short-term market ups and downs by spreading returns over time, which can make investment journeys feel more stable. This means your investment may not go down as much when markets fall, but also means returns may lag sharp market rises, and smoothing does not remove the risk of loss.

††'Unsure' was not an option provided in the previous 2025 launch.

To find out more about how M&G can support your client conversations, explore the Compass hub and related resources.

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