

# Model Portfolio Service

Due Diligence guide for the Passive and Hybrid portfolios

The logo for M&G is centered on a green square. The letters 'M' and '&G' are in a white, bold, sans-serif font. The 'M' is positioned above the '&G'. The background of the page features a dark teal color with a large pink rectangle on the right side and a light blue rectangle on the left side, partially overlapping the green square.

**M  
&G**

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## Executive summary

This document covers the Passive and Hybrid MPS ranges, which each have six portfolios that aim to deliver competitive returns. The portfolios are designed for investors who want a diversified mix of asset classes and regions.

To build and manage the portfolios, we leverage M&G's investment capabilities in investing, asset allocation, fund research, and portfolio management. This document covers the investment processes.

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This document has been prepared for information only and does not contain or constitute investment advice or recommendation and is accurate at the time of issue.

## Why use the M&G Model Portfolio Service (MPS)?

Investment management responsibilities take a lot of time, and rightly so, as it's incredibly important. Not only are there increasing regulatory pressures, markets change rapidly and it takes time to do the research to keep on top of everything.

Using the M&G MPS allows advisers to let go of the day-to-day underlying investment management responsibilities, giving them to our investment professionals. We take care of the portfolio management, asset allocation, fund research, and risk monitoring required to deliver the aims of the portfolios. We also help advisers keep their customers informed by providing monthly factsheets, weekly market commentary, client guides, and quarterly market outlooks. This means advisers can have more time for building relationships with their clients and delivering financial planning services.

## What are the Passive and Hybrid portfolios?

The portfolios are designed to deliver long-term capital growth. The six different strategies within each range have different levels of risk. The portfolios use mutual funds to get exposure to different asset classes and regions. The mix of assets is actively-managed, and can change over time.

The Passive portfolios use predominantly passive funds to obtain exposure to financial markets. Passive investment funds are designed to rise and fall in line with the index they track, rather than seek to outperform it.

The Hybrid portfolios use passive and actively managed funds. Actively managed investments are continually reviewed by investment professionals. They use analysis, performance, trends and other factors to make ongoing decisions about where to invest as well as looking for new opportunities.

# What is the target market?

## What type of investor is this suitable for?

The portfolios are suitable for retail investors through various wrappers, including ISAs, Pensions, General Investment Account (GIA) or Investment Bonds.

## How much knowledge and experience does your client have?

Based on the standard definitions of types of investors included in the European Financial Management Association, the target market includes Basic Investors, Informed Investors and Advanced Investors. Advisers are responsible for assessing the suitability of the portfolios for their clients given their capacity to bear losses; risk tolerance; and objectives and needs. We've based the following table on the standard definitions of types of investors included in the European Financial Management Association.

Type	Definition
Basic Investor	<ul style="list-style-type: none"><li>• Basic knowledge of how work</li><li>• Can make decisions based on regulated and authorised documents or with the right advice</li><li>• No experience of the financial industry</li><li>• Usually a first-time investor</li></ul>
Informed Investor	<ul style="list-style-type: none"><li>• Average knowledge of how investments work</li><li>• Can make an informed decision based on regulated and authorised documents or with their own knowledge</li><li>• Understands specific factors or risks</li><li>• Some experience of the financial industry</li></ul>
Advanced Investor	<ul style="list-style-type: none"><li>• Good knowledge of how investments work</li><li>• Good financial industry experience</li><li>• Has access to professional investment advice</li></ul>

## What is your client's capacity to lose capital?

The portfolio can be offered to clients who are able to accept a limited fall in capital depending on their attitude to risk and those that are able to lose unlimited capital. The portfolio management service does not have any capital guarantees.

### Negative target market

- The portfolio should not be offered to clients that do not have capacity to absorb a loss.

## What is your client's risk appetite?

The client must be happy to accept some degree of investment risk. There are six different risk profiles offered in the Passive and Hybrid portfolio ranges which can be matched to the client's attitude to risk. See the equity ranges and volatility ceilings in the 'Investment Objectives' section of this document.

### Negative target market

- The portfolio should not be offered to clients who are not prepared to accept some degree of investment risk.

## How does this portfolio management service meet your client's objectives and needs?

The portfolio is designed for capital growth. However, M&G recognises that advisers may utilise the portfolios in scenarios where clients are taking regular income from capital (decumulation). In these cases, advisers should consider the impact of Sequence of Returns Risk for clients. Sequence of Returns Risk is the risk created by the order in which portfolios generate weak or strong years of performance for clients that are withdrawing funds. If portfolio returns are weak and unsustainably high income is withdrawn, this can affect the long-term value of the portfolio and its ability to meet future income needs. It affects investors who are relying on their portfolios for an income, and particularly investors in the 'decumulation' phase.

It is expected that clients would have an investment time horizon of least five years or more.

### Negative target market

- The portfolios are not designed for the preservation of capital.
- The portfolios are not suitable for investors seeking a 'smoothed', 'absolute' or 'guaranteed' return.
- The portfolios are not suitable for clients who have an investment time horizon of less than five years.
- The portfolios are not suitable for clients who require a proportion of their portfolio

## How do clients invest in a portfolio?

The portfolio management service is only available to retail clients with investment advice. The portfolios are held on a platform recommended by an adviser to the end client. The direct contractual relationship is between M&G Wealth Investments LLP and the adviser, who is treated as a professional client under MiFID. The underlying retail client is not the client of M&G Wealth Investments LLP.

### Negative target market

- The portfolios are not available to clients who do not have a financial adviser.

## Is your client vulnerable?

Advisers should consider within their initial and ongoing suitability processes whether a customer displays characteristics of vulnerability or their personal circumstances make them especially susceptible to harm, as this may impact the appropriateness of the chosen portfolio.

# What we believe gives the M&G MPS offering the edge

## Adviser and customer service

We help advisers deliver a better customer experience with our suite of marketing materials. We publish factsheets, market commentary, guides and quarterly outlooks that can be sent to retail customers.

## Investment expertise

The model portfolios draw on M&G's expertise in asset allocation, manager research and these resources are used as inputs for a dedicated team to build portfolios specifically for the MPS market.

## Size and scale

M&G Wealth Investments LLP is part of M&G, one of the UK's leading savings and investment companies, with £345.9 billion of assets under management as of 31 December 2024. We aim to leverage the knowledge, experience and buying power of M&G to deliver good outcomes for clients.

# The investment process

We believe it's wise for most investors to hold a portfolio constructed from a wide range of assets, implemented with diverse managers. We aim to keep costs low and have a robust risk management framework in place. We leverage M&G's wide ranging investment capabilities in long-term asset allocation, fund research, and risk analysis to deliver for our customers. Several teams feed into the investment process at different stages. They carry out clearly defined roles whilst also working closely together to ensure the smooth running of the portfolios.

An Investment Committee oversees the investments services offered by M&G MPS. The committee members are responsible for evaluating risk and monitoring performance.

The investment process can be broken down into five areas:

- Strategic asset allocation
- Tactical asset allocation
- Fund selection and manager oversight
- Portfolio management
- Investment risk oversight.

## Strategic Asset Allocation (SAA)

M&G Wealth Investments LLP sets the overall approach for the MPS, covering the investment objectives, permitted asset classes, liquidity requirements, cost constraints and risk profiles. The team uses analysis of the multi-asset peer group to set parameters for the regional equity allocations.

The Long-Term Investment Strategy team (LTIS) develops the asset allocation for the MPS based on the parameters. This team is part of the Life Investment Office (LIO).

The process for creating the Strategic Asset Allocation is:

The team produces a set of capital market assumptions for future expected returns, volatility and correlation of different asset classes. This is completed with historical data, forward-looking analysis, and internal and external research.

The LTIS team then uses proprietary models and economic scenario generators based on these assumptions, and develop a recommended asset allocation. The asset allocation takes views on markets, based on what regions and asset classes are expected to deliver growth. The asset allocation is regularly reviewed to consider material changes in volatility or growth prospects, as well as whether new asset classes should be included.

## Tactical asset allocation

The MPS investments team adjusts the asset allocation in portfolios on a short-term basis to take advantage of situations where the team believes assets are mispriced. These short-term adjustments are the 'tactical' asset allocation component.

The MPS investments team has a time horizon of six months to one year for tactical views, although market movements will determine how long a position is maintained in portfolios.

The team can set views in three areas:

1. Equities vs. fixed income
2. Relative views in equities, such as regions or sectors
3. Relative views in fixed income, such as the duration, credit quality or region.

The MPS investments team considers the three factors below when making tactical decisions. The team only takes a position when they believe the mispricing to be significant or the opportunity has a high likelihood of being rewarded.

- Macro: relating to economic and market fundamentals
- Valuation: based on views of appropriate valuation parameters for asset classes
- Behavioural: resulting from short-term mispricing due to excessive pessimism or optimism, or a clear trend that is likely to be sustained.

## Fund selection and manager oversight

The Manager Oversight team within the Life Investment Office recommends the investment vehicles for the M&G MPS.

The fund selection process combines quantitative factors, including measures of performance and holdings analysis, with qualitative analysis focused on the business, people, process, philosophy and infrastructure.

The team monitors the fund managers through formal regular reviews.

## Portfolio management

The MPS investments team is responsible for portfolio construction and ongoing portfolio management.

To build portfolios, the team brings together the Strategic Asset Allocation, Tactical Asset Allocation, preferred fund managers, portfolio risk limits and cost budget. These factors are considered when selecting the funds and exact allocations within each portfolio. Portfolios are rebalanced at the discretion of the MPS investments team. The team reviews the overall exposure to different regions, sectors, asset classes and companies to ensure that the portfolio positioning is aligned with strategy.

The MPS investments team is responsible for the ongoing portfolio management and risk monitoring. The team monitors performance of the individual funds and their contribution to the overall portfolio performance. Each portfolio has a set of defined risk limits for the equity exposure, volatility and tactical asset allocation.

## Investment risk oversight

The portfolios are reviewed on a regular basis by an independent risk team within M&G. This provides challenge to the MPS investments team, and helps to build more robust portfolios.

# Meet some of the team behind the scenes



**Parit Jakhria**  
Director of Long-Term Investment Strategy  
Life Investment Office

Parit is responsible for the long-term investment strategy within the Life Investment Office (LIO) for multi-asset and annuities, as well as providing advice on hedging and product design. The LIO is responsible for £158 billion of assets under management (as at 31 December 2024). He has held this role since 2010. Prior to joining the Life Investment Office, Parit undertook a variety of roles within the Prudential Group across Risk, Finance and Actuarial functions which culminated in the overall responsibility for the production of the Prudential UK's regulatory capital requirements. He graduated with a Masters in MORSE from Warwick University, covering mathematics, operational research, statistics and economics. Post-graduation, he has qualified as a Fellow of the Institute of Actuaries as well as a CFA Charterholder.



**Ciaran Mulligan**  
Chief Investment Officer  
Life Investment Office

Ciaran joined the company in May 2015 and manages the Life Investment Office, having previously led the Manager Oversight team. Prior to joining, Ciaran worked at Buck Consultants investment consultancy as Head of Global Research, and was Head of Research and Portfolio Manager for Fixed Income Strategies at Investment Solutions (part of the Alexander Forbes group).



**Luke Parsons**  
Head of MPS Portfolio Management,  
M&G Model Portfolio Service

Luke joined the company in 2024. He is responsible for portfolio construction, trading decisions, communicating investment views and ongoing monitoring of performance. Prior to joining M&G, Luke was an investment analyst at The Private Office and Omnis Investments, where he worked on fund selection, risk modelling and asset allocation. He is a CFA Charterholder.

# Asset allocation

## Strategic Asset Allocation

The Passive and Hybrid MPS use an asset allocation that was developed specifically for this range of model portfolios.

The Investment Team reviews the alignment of the model portfolio to the strategic asset allocation on a regular basis. In normal market conditions, the asset allocation of the model portfolios will be close to the weights listed below. There will be differences in the weights of each asset class and these can be caused by:

- Daily market movements impacting the value of investments

- The tactical views implemented by the investment team
- A fund manager investing in an asset class that differs from the high-level classification of the fund.

For example, an emerging market equity fund could include a Chinese company that is listed on a US stock exchange. This might be classified as a US equity, rather than an emerging market equity.

The following tables show the strategic asset allocation by asset class, as of 31 July 2025.

### Passive strategic asset allocation by asset class

SAA Level 1	Passive portfolio 1	Passive portfolio 2	Passive portfolio 3	Passive portfolio 4	Passive portfolio 5	Passive portfolio 6
UK Equity	3.25	6.25	8.50	10.75	13.00	15.50
Europe ex UK	2.00	3.75	5.25	6.75	8.25	9.50
North America Equity	5.50	10.75	14.75	19.00	22.75	27.00
Japan Equity	1.25	2.25	3.25	4.00	5.00	5.75
Asia ex Japan Equity	2.50	4.75	6.50	8.50	10.00	12.00
Emerging Market Equity	1.50	3.00	4.00	5.25	6.25	7.25
<b>Total Equity</b>	<b>16.00</b>	<b>30.75</b>	<b>42.25</b>	<b>54.25</b>	<b>65.25</b>	<b>77.00</b>

SAA Level 1	Passive portfolio 1	Passive portfolio 2	Passive portfolio 3	Passive portfolio 4	Passive portfolio 5	Passive portfolio 6
Global Property	1.25	1.50	2.00	2.25	2.50	2.75
Listed Infrastructure Equity	1.75	2.25	2.75	3.00	3.25	3.50
<b>Total Alternatives</b>	<b>3.00</b>	<b>3.75</b>	<b>4.75</b>	<b>5.25</b>	<b>5.75</b>	<b>6.25</b>
UK Investment Grade	23.75	18.50	14.25	10.25	6.75	3.50
European Investment Grade	9.50	7.75	6.00	4.75	3.50	1.50
UK Government Bonds	6.50	5.25	4.25	3.25	2.25	1.50
US Investment Grade	21.25	17.00	13.50	9.75	6.75	3.25
US Government Bonds	6.00	5.00	4.00	3.00	2.00	1.25
Global High Yield	1.50	1.50	1.50	1.25	1.00	1.00
Emerging Market Debt	7.50	7.50	7.00	6.25	4.75	2.75
<b>Total Fixed Income</b>	<b>76.00</b>	<b>62.50</b>	<b>50.50</b>	<b>38.50</b>	<b>27.00</b>	<b>14.75</b>
Cash	5.00	3.00	2.50	2.00	2.00	2.00
<b>Total Cash</b>	<b>5.00</b>	<b>3.00</b>	<b>2.50</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

## Hybrid strategic asset allocation by asset class

SAA Level 1	Hybrid portfolio 1	Hybrid portfolio 2	Hybrid portfolio 3	Hybrid portfolio 4	Hybrid portfolio 5	Hybrid portfolio 6
UK Equity	3.00	5.75	8.00	10.00	12.25	14.75
Europe ex UK	1.75	3.50	5.00	6.25	7.75	9.25
North America Equity	5.00	10.25	13.75	17.50	21.25	26.00
Japan Equity	1.00	2.25	3.00	3.75	4.50	5.50
Asia ex Japan Equity	2.25	4.50	6.00	7.75	9.50	11.50
Emerging Market Equity	1.50	2.75	3.75	4.75	5.75	7.00
<b>Total Equity</b>	<b>14.50</b>	<b>29.00</b>	<b>39.50</b>	<b>50.00</b>	<b>61.00</b>	<b>74.00</b>
Global Property	2.25	2.75	3.50	4.00	4.50	4.75
Listed Infrastructure Equity	3.50	4.00	4.50	5.50	6.00	6.50
Absolute return	2.25	2.75	3.50	4.00	4.50	4.75
<b>Total Alternatives</b>	<b>8.00</b>	<b>9.50</b>	<b>11.50</b>	<b>13.50</b>	<b>15.00</b>	<b>16.00</b>
UK Investment Grade	22.50	17.25	13.00	9.00	5.50	2.00
European Investment Grade	9.00	7.25	5.50	4.25	2.50	1.00
UK Government Bonds	6.25	.00	4.00	3.00	2.00	1.00
US Investment Grade	20.25	15.75	12.25	8.75	5.25	2.00
US Government Bonds	5.75	4.75	3.75	2.75	1.75	1.00
Global High Yield	1.50	1.50	1.50	1.25	1.00	-
Emerging Market Debt	7.25	7.00	6.50	5.50	4.00	1.00
<b>Total Fixed Income</b>	<b>72.50</b>	<b>58.50</b>	<b>46.50</b>	<b>34.50</b>	<b>22</b>	<b>8.00</b>
Cash	5.00	3.00	2.50	2.00	2.00	2.00
<b>Total Cash</b>	<b>5.00</b>	<b>3.00</b>	<b>2.50</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

# Platform availability

The Hybrid and Passive portfolio ranges are available on the platforms listed below. The Hybrid and Passive portfolios invest in mutual funds.

The list below shows platform availability:

Platform	Passive	Hybrid
Quilter	✓	✓
Nucleus	✓	✓
Aviva	✓	✓
Aegon Retirement Choices (ARC)	✓	✓
Aegon Platform (previously Cofunds)	✓	✓
M&G Wealth Platform	✓	✓
Wealthtime (Novia)	✓	✓
Transact	✓	✓
Scottish Widows (previously Embark)	✓	✓
Fidelity Adviser Solutions	✓	✓
Aberdeen	✓	✓
LV	✓	✓
Parmenion	✓	✓
Platform One	✓	✗

More platforms may be added based on adviser demand.

# Funds

This table shows the funds used in the Passive and Hybrid ranges, their asset class, and how they are managed. The information is accurate as of 20 June 2025.

Asset class	Fund name	Active/ Passive	Passive	Hybrid
UK Equities	Fidelity Index UK	Passive	✓	✓
UK Equities	Liontrust Sustainable Future UK Growth Equity	Active	✗	✓
UK Equities	M&G Dividend Fund Sterling I Acc	Active	✗	✓
US Equities	Fidelity Index US P Acc	Passive	✓	✓
US Equities	Fidelity Index US P Acc Hedged	Passive	✓	✗
US Equities	HSBC American Index C Acc	Passive	✓	✓
US Equities	Natixis Loomis Sayles US Eq Ldrs N/A £	Active	✗	✓
Europe ex UK Equities	HSBC European Index-ACC Fund	Passive	✓	✓
Europe ex UK Equities	BlackRock European Dynamic FD Acc	Active	✗	✓
Europe ex UK Equities	M&G European ex-UK Fund Class E GBP Acc	Active	✗	✓
Japan Equities	M&G Japan Fund Acc	Active	✗	✓
Japan Equities	L&G Japan Index C Acc	Passive	✓	✓
Asia ex-Japan Equities	iShares Pacific ex Japan Equity Index Fund	Passive	✓	✓
Asia ex-Japan Equities	M&G Asia Fund	Active	✗	✓
Global Emerging Equities	L&G Global Emerging Markets Index C Acc	Passive	✓	✗
Global Emerging Equities	GS Emerging Markets Equity Portfolio R GBP Inc	Active	✗	✓
Global Emerging Equities	Lazard Emerging Markets Fund Acc	Active	✗	✓
Global Emerging Equities	Franklin India Fund	Active	✗	✓

Asset class	Fund name	Active/ Passive	Passive	Hybrid
Global Property	iShares Environment & Low Carbon Tilt Real Estate Index Fund	Passive	✓	✓
Listed Infrastructure Equity	First Sentier Global Listed Infrastructure	Active	✗	✓
Listed Infrastructure Equity	L&G Global Infrastructure Index C Acc	Passive	✓	✗
Absolute Return	TM Fulcrum Diversified Core Absolute Return Fund C GBP Acc	Active	✗	✓
UK Investment Grade	Legal & General Active Sterling Corporate Bond Fund I Acc	Active	✗	✓
UK Investment Grade	Royal London Ethical Bond M inc	Active	✗	✓
UK Investment Grade	iShares Corporate Bond Index (UK)	Passive	✓	✓
Europe Investment Grade	Vanguard Euro Investment Grade Bond Index Hedged Acc	Passive	✓	✓
UK Government Bonds	L&G All Stocks Index Linked Gilt Index Trust C Acc	Passive	✓	✓
UK Government Bonds	L&G All Stocks Gilt Index C Acc	Passive	✓	✓
US Investment Grade	Vanguard US Investment Grade Credit Index Hdg Acc -U	Passive	✓	✓
US Investment Grade	PIMCO GIS US Investment Grade Corporate Bonds Fund	Active	✗	✓
US Investment Grade	PIMCO US Total Return Fund	Active	✗	✓
US Government Bonds	Vanguard US Government Bond Index Hedged Acc GBP	Passive	✓	✓
Global High Yield Bonds	Federated Hermes SDG Engagement High Yield Credit Fund	Active	✓	✓
Emerging Market Bonds	M&G Emerging Markets Bond Fund Sterling Hedged	Active	✗	✓
Emerging Market Bonds	L&G EM Govt Bond Lcl Ccy Index C Acc	Passive	✓	✗
Emerging Market Bonds	L&G EM Govt Bond US\$ Index C Acc	Passive	✓	✗
Cash	Royal London Short Term Money Market	Active	✓	✓

# Costs and charges

Costs and charges may vary in the future. As of 20 June 2025, the costs for the Passive and Hybrid range were as below. The product costs will vary over time, in response to changes in the funds used within the portfolio and the tactical asset allocation of the portfolio. The product costs may also vary based on the fund share classes available on different platforms. The product costs represent the ongoing charging figure for the funds. This does not include transaction costs incurred within the platform.

Passive range	Passive portfolio 1	Passive portfolio 2	Passive portfolio 3	Passive portfolio 4	Passive portfolio 5	Passive portfolio 6
Reference codes	P-MP1, PF-MP1	P-MP2, PF-MP2	P-MP3, PF-MP3	P-MP4, PF-MP4	P-MP5, PF-MP5	P-MP6, PF-MP6
Product costs	0.12%	0.12%	0.12%	0.11%	0.11%	0.10%
M&G management fee	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Total cost	0.27%	0.27%	0.27%	0.26%	0.26%	0.25%

Hybrid range	Hybrid portfolio 1	Hybrid portfolio 2	Hybrid portfolio 3	Hybrid portfolio 4	Hybrid portfolio 5	Hybrid portfolio 6
Reference codes	P-MP1, PF-MP1	P-MP2, PF-MP2	P-MP3, PF-MP3	P-MP4, PF-MP4	P-MP5, PF-MP5	P-MP6, PF-MP6
Product costs	0.31%	0.36%	0.38%	0.4%	0.42%	0.43%
M&G management fee	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Total cost	0.46%	0.51%	0.53%	0.55%	0.57%	0.58%

# Investment objectives

## Investment objective for the Hybrid and Passive ranges, portfolios 1-6

The investment objective is to achieve a total return (the combination of income and growth of capital) by investing in a mix of assets from around the world, whilst aiming to limit the average volatility per annum over rolling five-year periods. The portfolio invests in equities, bonds, cash and alternatives, such as infrastructure and global real estate.

Equity exposure varies by portfolio, with the ranges highlighted below.

The time horizon for the strategy is five years or more

The Passive range invests in passively managed funds. A passively managed investment is designed to rise and fall in line with the index it tracks, rather than outperform it.

The Hybrid range invests in actively managed and passive managed funds. For actively managed funds, the fund managers actively build and change a portfolio of assets (eg stocks and shares) in order to take advantage of what they believe are the best opportunities. The MPS Investment team determines where actively managed funds have the best potential to deliver outperformance.

Passive and Hybrid ranges	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6
Volatility ceiling	9% pa	10% pa	12% pa	14.5% pa	17% pa	19% pa
Equity ranges	Limited Exposure	Moderate Exposure	Medium Exposure	Significant Exposure	Significant Exposure	Significant Exposure
Min-Max	10-30%	30-50%	40-60%	50-70%	65-85%	75-95%
Benchmark	IA Mixed Investment 0-35%	IA Mixed Investment 20-60%	IA Mixed Investment 20-60%	IA Mixed Investment 40-85%	IA Mixed Investment 40-85%	IA Mixed Investment 40-85%

# Appendix

## Appendix 1 Supporting documentation

Additional supporting documents links:

- [Sustainability report](#) from M&G
- M&G [Model Portfolios Service web page](#).

## Appendix 2 Risk profiling

M&G has worked with a number of risk profiling companies to assess our MPS Passive range and reports are available from the following:

- Distribution Technology (Dynamic Planner)
- Defaqto
- Oxford Risk
- E-Value.

## Appendix 3 Business Resilience and Recovery

M&G's Business Resilience and Recovery approach includes:

### Business resilience

- M&G has documented plans to allow appropriate responses to interruptions to business as usual at a departmental level. Plans are maintained by department managers for localised incidents. An annual assurance programme is in place, with results reported to the Operational Resilience Forum (ORF).
- M&G has a wider Operational Resilience programme in flight to implement heightened resilience capabilities for the business services that are most important to our customers.

### IT disaster recovery

- M&G plans for loss of data centre or failure of critical enterprise architecture or applications. Detailed plans are maintained by relevant Technology teams.

### Incident management

- M&G implements a defined framework by which actual or potential disruptions are identified, escalated and managed. This is supported by an annual exercising schedule.

### Third party oversight

- M&G has identified its critical dependencies on third parties and manages these through a rigorous review and assessment programme, undertaking due diligence around operational resilience, business and IT recoverability.

### Pandemic response

- M&G has established effective measures to mitigate any potential disruption from future pandemic scenarios. These measures are an extension of the firm's well-established Business Resilience programme.

## Appendix 4 Proposition Development Framework

M&G has a Propositional Development Framework which is designed to consider the requirements of FCA PROD rules and guidance. It is overseen and challenged by committees and individuals with delegated authority. Oversight occurs throughout the development cycle to make sure we develop and review our services in a consistent and well-controlled way.

The framework includes the following steps:

1. **Imagine/Create** – initial ideas generated.
2. **Proposition Design** – designed with input from across our business including our customer committee, customer insights team and proposition governance committee.
3. **Solution Design and Development** – we use an iterative approach, adopting agile development and market testing. We continuously loop back to check that our solution meets the target customer requirements.
4. **Deliver** – this is where we build the solution and get it ready for implementation.
5. **Launch** – we assess readiness and create a plan for after the launch.
6. **Manage/Run** – we review what we're delivering and challenge ourselves to continually deliver good customer outcomes, in a manner that's aligned with our firm's strategy.

## Appendix 5 Service Value Assessment

M&G publishes a Service Value Assessment (the 'Assessment') for the Hybrid and Passive ranges on an annual basis. The Assessment is designed to help you to see whether M&G is delivering value for customers. It covers the quality of the service, whether the service is competitively priced and long-term investment performance. You can view the most recent Assessment on our [website](#).



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