




MODEL PORTFOLIO SERVICE (MPS)
GLOBAL ESG THEMES RANGE
CLIENT GUIDE



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Right now, our world is facing some huge environmental and social challenges and we all have a role to play to help create a better planet. The key to making a real difference could lie in an unlikely place – your pensions and investments. Where your money is invested could help play a significant part in helping to shape the world we live in delivering positive outcomes as well as competitive returns.

The Model Portfolio Service (MPS) from M&G Wealth Investments LLP gives you the opportunity to play a part in building a better future for yourself, for society and for the planet.

This service is only available for clients investing through a financial adviser. Your adviser will work with you to find a portfolio that meets your needs both in terms of the returns you are aiming for and the level of risk you are comfortable with and can afford to take.

The MPS Global ESG Themes range

The range has five actively managed portfolios available, each with different levels of risk and looking to invest your money with the aim of creating positive social and environmental outcomes, whilst generating competitive returns.

This range may be suitable for individuals looking to invest for at least five years or more.

The value of your investment could go down as well as up and you may not get back what you put in.

Designed for clients who want to know their money has the potential to create a positive difference to world we live in.

The Global ESG Themes range uses an investment strategy that aims to secure the highest total return over the time you're invested, consistent with the objectives of the individual portfolios, while maintaining an acceptable level of risk. It also focuses on three core areas. These are:

- global investment opportunities
- Environmental, Social and Governance investing
- thematic investing.

Let's take a look at each of the three.

Five portfolios offering different levels of risk and reward

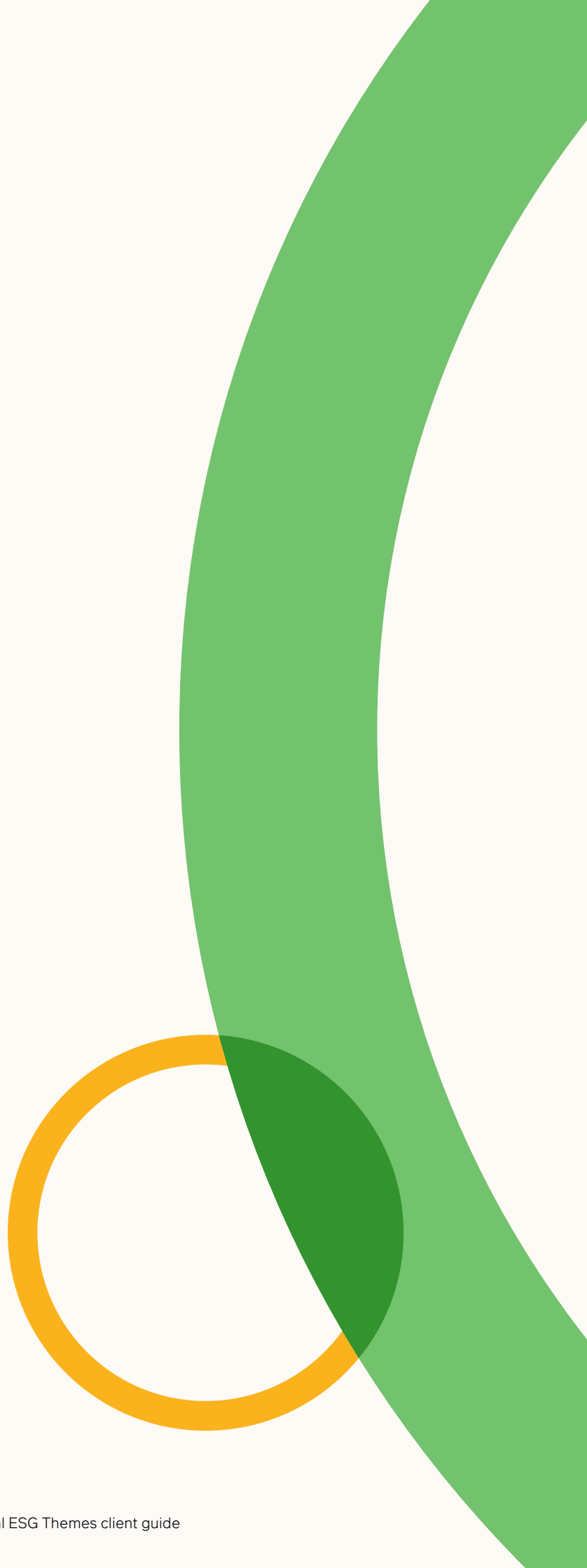


What does global mean?

Having access to investments across the world gives the fund managers a much wider set of investment opportunities. It creates the ability to invest in sectors and industries that might not be available in the UK or a narrow set of countries/regions.

Another advantage of a global portfolio is that you spread the investment risk. Essentially your eggs are not in one basket. If there are political issues or economic problems develop in one particular country that affect the markets/local economy, you'll still have investments in many other locations.

The majority of the portfolio is invested in funds that hold global equities and global bonds, rather than focusing on a specific geographic region.



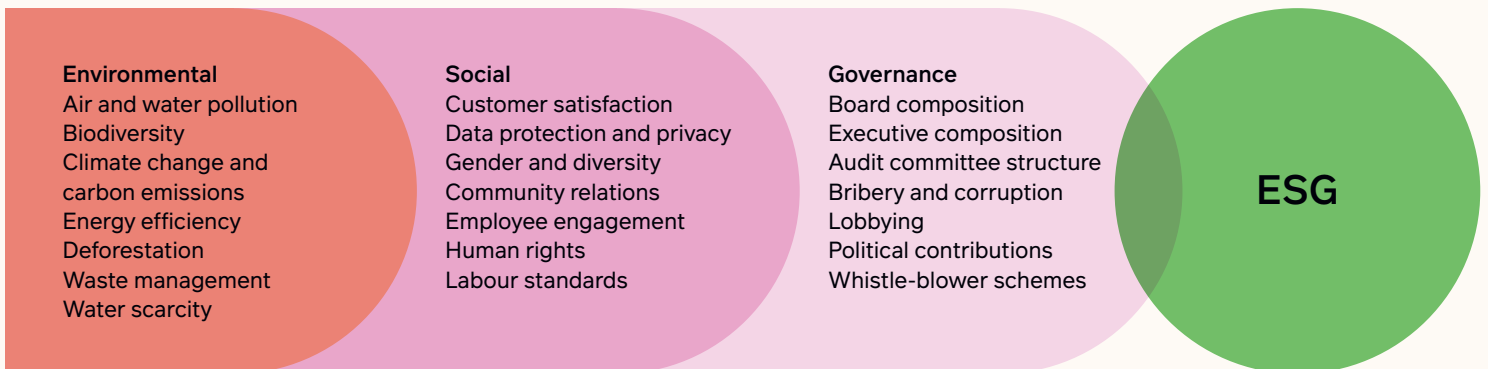
What does ESG mean?

Our investment experts use a range of factors to decide where to invest, one of the things considered is whether any potential negative social or environmental outcomes of the investments are mitigated. They look to enforce a minimum standard of exclusions across investments that they control. For example, we aim to exclude things like controversial weapons and companies that violate the United Nations Global Compact on human rights and anti-corruption.

Our experts also consider three important areas when looking at investment opportunities. These are:

- environmental factors, this includes things such as levels of carbon emissions produced, waste levels and pollution management
- things that help society, for example fair working conditions, working with local communities and equality and diversity
- companies with robust controls (governance), for example ensuring transparency in supply chains and shareholder voting.

These are known as ESG (Environmental, Social and Governance) considerations. The diagram on the right shows some of the examples.



What does themes mean?

Thematic investing is an approach which focuses on long-term trends rather than specific companies or sectors. The themes are usually aligned to help solve a particular challenge or set of challenges the world is currently facing for example, climate change, better health and diversity and inclusion.

The themes are often aligned to a set of goals created by the United Nations with the purpose of tackling some of the world's biggest challenges.

Governments and companies all over the world are signing up with the drive and ambition to find solutions and ways to help achieve these goals. Investing money in the companies and industries is one way to help achieve this.

These investments usually have specific targets in helping to meet these goals and the companies are held accountable for that. A number of factors are then used to measure the positive outcomes for people and the planet. For example a company could have set a target to become carbon neutral by a specific date. Their progress towards achieving that goal would be tracked. Another example could be a company setting a target to have an inclusive and diverse board of directors by a certain date.

We believe investing in themes has the potential to deliver strong performance, as these are areas where companies are innovating, and new industries are being created. This in turn leads to more investment opportunities.



How could your money be making a positive difference?

The Global ESG Themes range invests in areas trying to make a positive difference to the world we live in.



Franklin Templeton Global Climate Change Equity Fund

Franklin Templeton Global Climate Change Equity Fund makes long-term investments in companies that help fight climate change. They invest in companies worldwide that work on reducing carbon emissions, improving resource efficiency, and supporting the transition to a more sustainable future.



RobecoSAM Sustainable Water Fund

RobecoSAM Sustainable Water Fund focuses on companies with sustainable business practices in the belief that they will be more successful in the long run. They invest in companies globally that offer products and services that look to help solve challenges related to the quantity, quality and allocation of water around the world.



Pictet Clean Energy Fund

Pictet Clean Energy Fund aims to deliver long-term growth by investing in companies around the world supporting and/or benefiting from the move to a low carbon economy. They seek out attractive investment opportunities in four key areas: renewable energy, energy efficiency, enabling technologies and enabling infrastructure. Pictet believe that each of these areas have a vital role to play in helping the world move through its energy transition.

The power of relationships

At M&G we believe that financial advice has the potential to change lives. We also believe that the relationship between you and your adviser is sacred, so we focus our service around providing your adviser with the support they need to look after you.

What does your adviser do?

Your adviser works with you to understand your broader financial needs, objectives with your savings and investments, and your attitude to risk. Your adviser then builds and manages a plan to deliver these long term goals in a tax efficient manner. This plan could cover anything that crops up over the course of your life, for example paying university fees, having the income you need for the retirement you want, or inheritance tax planning.

To deliver your plan, your adviser will likely use a number of financial products or services from a provider like us. They'll undertake initial research to identify what they believe are the best solutions to deliver the plan and then continually monitor and manage the providers to ensure they can keep your plan on track. This will include reviewing performance and liaising with our investment team to understand changes.

What do we do?

Your adviser will engage us to manage some or all of the investments used in your financial plan. Managing investments is a time-consuming activity so by using us, your adviser is able to access the wealth of investment expertise and knowledge we have whilst allowing them to focus on looking after you and keeping the broader plan on track.

We run a range of different portfolios covering different investment strategies and risk profiles. Our extensive team of experts continually monitor the portfolios to ensure they're on course to deliver the desired outcomes. As global markets and investments evolve, our views may change so we'll occasionally need to adjust the portfolios and this will be done automatically within the portfolios.

How do we work with your adviser?

Whilst we do different things, your adviser and M&G as the investment manager have the same core objective of delivering the best outcomes for clients. It's therefore essential that we have a good working relationship with your adviser.

We have regular contact with your adviser to ensure they have all of the information they need to do their job and to support the work they do for you. Your adviser will be kept up-to-date with the performance of the portfolios, what's happening to the investments, our views on markets and details of any changes we make.

Your adviser also provides us with useful feedback on the experiences with clients and we use this to help shape our services to ensure it remains fit for purpose.

Why use M&G MPS solutions?

ESG considerations are central to the Global ESG Themes portfolios. You can be safe in the knowledge that your portfolios are looked after by fund managers and investment professionals who look at investing through an ESG lens, helping to create positive outcomes and competitive financial returns at the same time.



Size and scale

M&G Wealth Investments LLP is part of M&G plc, one of the UK's leading savings and investment companies, with over £344 billion assets under management as at December 2023. We leverage the knowledge, experience and buying power of M&G plc to deliver good outcomes for you.



Robust risk management (investment expertise)

We have robust controls and processes in place. And to verify this, our portfolios are also reviewed on a regular basis by an independent risk team.

Our dedicated MPS investment team, which specialises in building model portfolio services, works alongside M&G plc's asset allocation, research and investment risk oversight teams. This combined knowledge brings together a huge range of skill and experience in managing your money.



Choice – risk versus reward

Everyone is different when it comes to the level of risk and reward they are willing and able to take which is why choice is important. We offer a selection of five portfolios, each with their own risk profile so your adviser can work with you to find a comfortable level of risk. As well as investing your money in a way that aims to create positive social and environmental outcomes.



Competitive pricing

We aim to deliver value for money when it comes to charges. We leverage the scale of the wider M&G plc business to keep charges competitive. For more information on charges please speak to your financial adviser.

Managing risk/volatility (diversification)

Part of the investment specialist job is to look at and help manage **volatility** within the portfolios. Volatility looks at the value of an **asset class** and how much it rises and falls by over a period of time. If an asset class falls and rises rapidly over a short period of time, it is considered to be more volatile.

Many things can affect the volatility of an asset, for example: political unrest, the economy, general market conditions and more. Which is why it is important to look at volatility over a longer period of time.

Our experts will try to manage the level of volatility within each of the portfolios. They do this by adjusting factors that are within their control, for example, this could be tweaking the spread of the investment across the asset classes.

The asset classes our Global ESG Themes range invests in are:

Equities – also known as shares, are where you buy a 'share' in a company.

Bonds – also known as fixed-interest investments, can be purchased from companies or governments.

Cash – includes sterling currency and Money Market Funds. Money Market funds can hold instruments such as deposits and government bonds.

Alternatives – these investments usually behave differently to the wider economy and are in specialist areas. These could be things like funds that take long and short positions in different asset classes or funds that invest in companies involved in infrastructure.

Volatility explained – how much the returns of an investment move away, or deviate, from their average return, determines how volatile that particular fund is. A more volatile investment moves further and more frequently from its average.

Asset class explained – a broad grouping of similar types of investments, such as shares, bonds, real estate, and commodities.

Expertise in ESG

Managing risk. Finding opportunity. Offering solutions

Our investment managers look at investments and opportunities through an ESG lens. There are essentially three parts to ESG considerations and all of them have a role to play in making a more sustainable world. The Global ESG Themes range has investments in each of the three aspects.

The first is about avoiding potential risks. This is called ESG risk focused and looks at things like a companies share price and whether it might be affected if anything negative impacts its products, service or reputation.

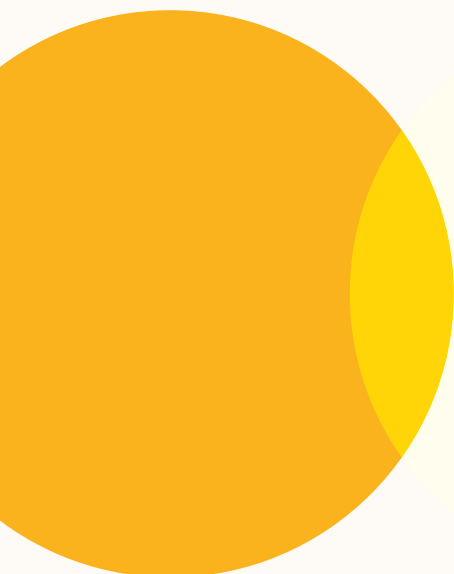
Our experts also carry out a screening process on all potential investment opportunities. Those companies that don't fit our criteria are screened out. We aim to exclude companies assessed to be in breach of the UN's Global Compact principles on human rights, labour, the environment and anti-corruption, as well as aiming to exclude companies and projects in some areas that do harm to the planet, such as controversial weapons. These are often called 'norms based' exclusions.

Not only that but we also aim to exclude companies that are producers of, or provide services in, controversial products which could harm people and the planet. For example gambling, tobacco, adult entertainment, alcohol, controversial weapons and thermal coal.

The second element is about looking at ESG opportunities, so for example, investing in companies that have more sustainable business practices than their competitors. There's a general movement towards sustainability and companies not willing to change or evolve may get left behind. We believe consideration for strong ESG practices will soon become a simple 'hygiene factor' – a necessity for any businesses looking to attract both customers and investors in the future.

The third element is solution focused. This is about investing in companies that proactively look to solve some of the world's greatest challenges and are usually aligned to one or more of the UN Sustainable Development Goals. The impact these investments make against the UN goals are often measured and the companies and industries are held accountable for meeting these.

Global ESG Themes broadly looks to target six different environmental and social areas to create positive outcomes. It invests in these areas to help improve the planet, covering areas such as clean technology and renewable energy to health and well-being solutions.



Offering choice – risk versus reward

Everyone has different needs in terms of the risk they're willing and able to take, and the returns they want to aim for. Your financial adviser will work with you to understand your risk preference and your longer term financial goals.

A key driver of the risk and reward of a portfolio is the extent to which its value fluctuates. Generally, a more volatile portfolio has more potential risk and reward than one with a lower volatility.

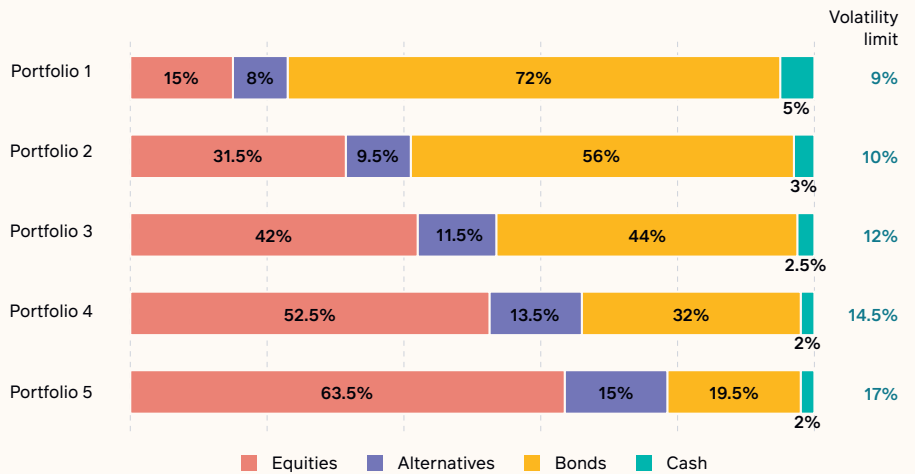
So to help meet your needs, we offer range of five risk managed portfolios that vary in terms of their potential risk and potential reward. These are numbered one to five depending on how volatile they are expected to be.

Each portfolio has a different range of investment in equities, bonds, cash and alternatives depending on the level of risk and reward that you are aiming for. Equities are generally the most volatile asset class and cash is generally the least volatile. The diagram above shows how much of the portfolio is invested in each asset class.

You can see that the portfolios with high risk and reward have more investment in equities than those with lower risk and reward.

The chart above gives an indication of the globally diversified spread of investments for MPS Global ESG Themes range of portfolios 1-5, as at 15 December 2024.

What our Global ESG Themes range invests in



The asset allocations are regularly reviewed and may vary from time to time, but will always align with the investment objective.

The value of your investment can go down as well as up so you might not get back the amount you put in.

For more information

Please speak to your financial adviser for specific information on your investments. You can access more information in our monthly factsheets, weekly commentary and quarterly investment update.

Monthly factsheets

These documents provide an overview of the strategy, including the costs, underlying investments, geographic exposure and past performance.



Global ESG Themes 1



Global ESG Themes 2



Global ESG Themes 3



Global ESG Themes 4



Global ESG Themes 5

Weekly commentary

This report keeps you up to date on the latest market movements but also acts as a reminder to remain focused on your long-term objectives. It covers a market review, outlook, feature chart and what it means for you.



Quarterly investment update

In this report, we discuss our current market views, recent changes to investments and the outlook. Information on the performance of our models and different asset classes is included at the end.



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