



**MODEL PORTFOLIO
SERVICE**
Hybrid Range
Client Guide



What is a Model Portfolio Service?

A Model Portfolio Service (MPS) is a collection of investments that work together to meet a specific objective within a certain level of risk. MPSs are a cost-effective and convenient way of investing across a range of global assets that are managed by investment experts.

The investment professionals review the analysis, performance, trends and other factors to make ongoing decisions about where to invest, as well as looking for new opportunities.

This service is only available for clients investing through a financial adviser. If you choose to invest in M&G's Wealth MPS range, you'll remain the client of your adviser and not the MPS. 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 and can afford to take.

The value of your investment can go down as well as up and you may get back less than you paid in.

Why use M&G Wealth MPS solutions?



Size and scale

M&G Wealth is part of M&G plc, one of the UK's leading savings and investment companies, with over £348.9 billion assets under management. We leverage the knowledge, experience and buying power of M&G plc to deliver good outcomes for you.



Choice of portfolios and risk profiles to suit your needs

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.



Investment expertise and resource

Our dedicated M&G Wealth 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.



Spreading risk

We invest in a wide range of asset classes and regions. We believe diversified portfolios will have a better chance of delivering good outcomes, especially in difficult markets.



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.



Robust risk management

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.

How we manage your money

We believe it's wise for investors to spread money across a wide range of assets. Our experts use their knowledge along with huge amounts of research gathered and analysed to decide how and where to invest the money. They can also make frequent changes depending on markets, performance and analysis.

The M&G Wealth Investment Committee oversees the investments services offered by M&G Wealth MPS. The committee members are responsible for setting the investment process, evaluating risk and monitoring performance so you can be sure your money is in good hands.

M&G Wealth Model Portfolio Service (MPS)

We offer three different MPS ranges for different investment styles: Passive, Hybrid and Global ESG Themes.

This Client Guide covers the Hybrid portfolios.

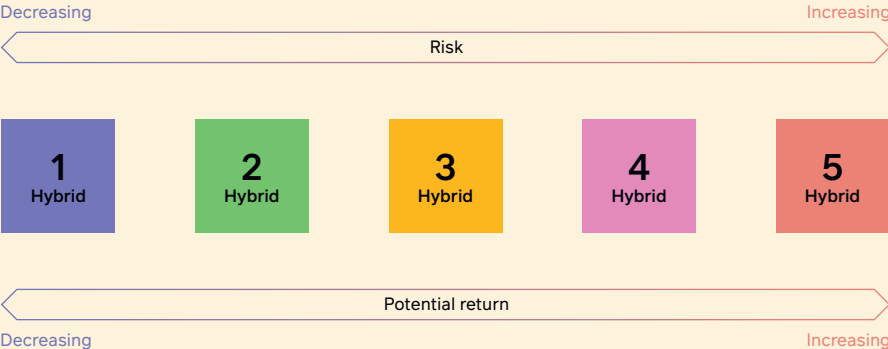
Introducing the Hybrid range

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

Hybrid is a range of five risk managed portfolios, each with different levels of potential risk and reward.

As with any investment the value may go up as well as down and you may get back less than you paid in.

Five portfolios offering different levels of risk and reward



Blend of active and passive investments

Active investments

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.

Passive investments

Passively managed investments typically track the stock market, a market index or specific area of the market.

M&G Wealth decides which passive and active investments are used, taking into account the potential to generate returns and fund costs.

Invested regionally

The majority of the portfolio is invested in funds that hold equities and bonds from specific regions, such as a UK equity fund or UK corporate bond fund. This means the investment professionals focus on selecting companies within a specific country or region.

Deciding where to invest

Our investment experts use a range of factors to decide where to invest; when reviewing actively managed investments one of the things considered is whether the investments do any potential harm to the planet. 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.

How we manage volatility

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. This 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 Hybrid 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 corporate entities.

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. For example, these could be things like investing in companies involved in infrastructure.

Risk vs reward

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.

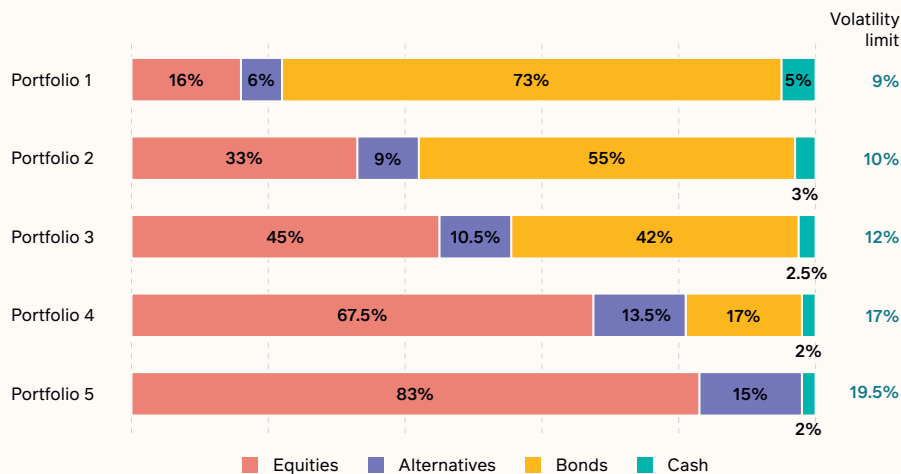
Each portfolio has a different range of investment in equities, bonds, cash and alternatives depending on the level of risk and reward that you are aiming for. Equities are generally the most volatile asset class and cash is generally the least volatile. The diagram below shows how much of the portfolio 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 following charts give an indication of the globally diversified spread of investments for the Hybrid range of portfolios 1-5, as at 1 November 2022.

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

What our Hybrid range invests in



If you would like to find out more about our range of Model Portfolio Solutions, have any questions or would like to discuss your options please speak to your financial adviser.

Your financial adviser will look at your personal circumstances and make recommendations based on your needs and financial goals.

www.mandg.com/wealth



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