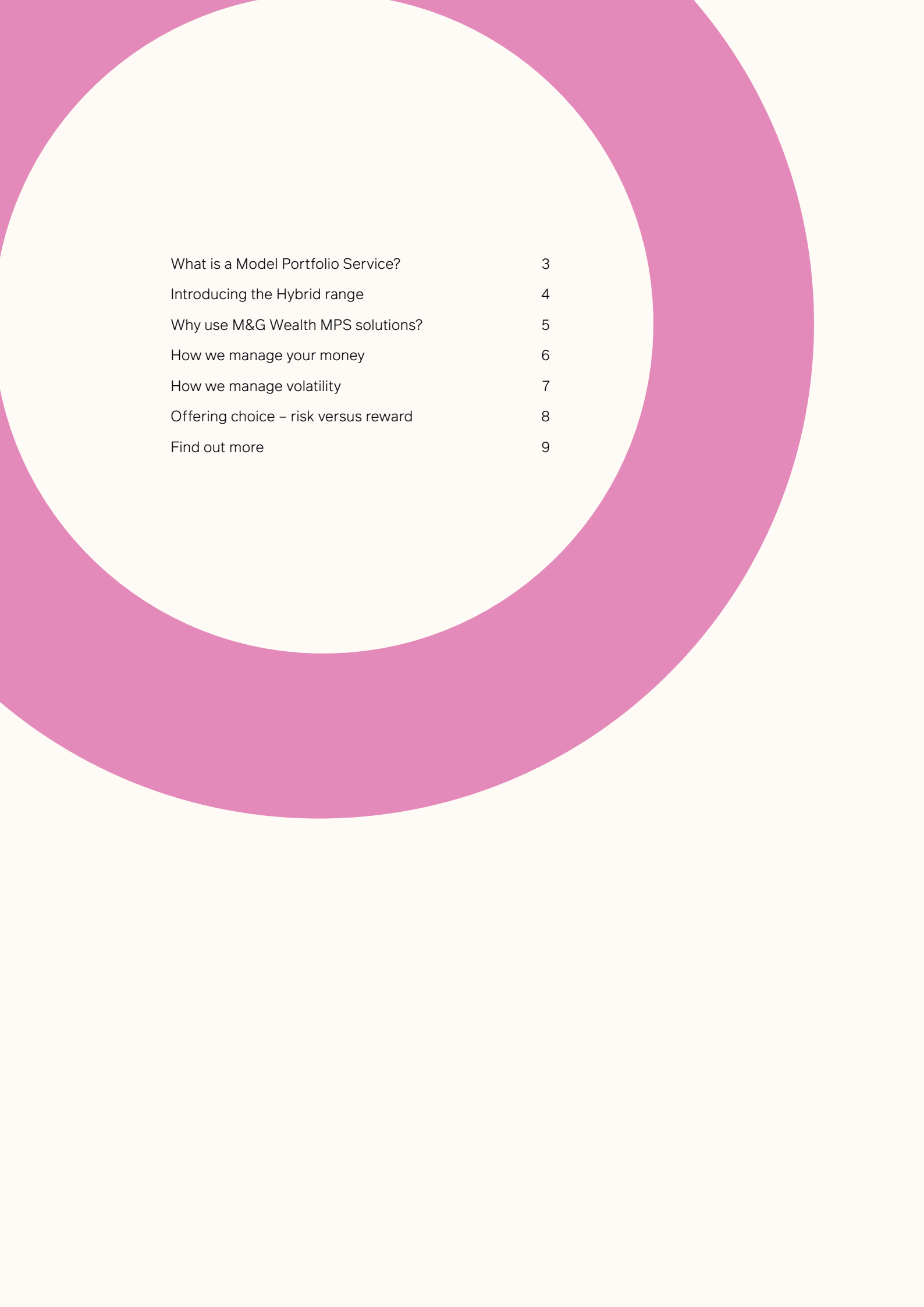




MODEL PORTFOLIO SERVICE (MPS)

**HYBRID RANGE
CLIENT GUIDE**





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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 Investments 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.

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

This 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.

We use a blend of active and passive investments in this range

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

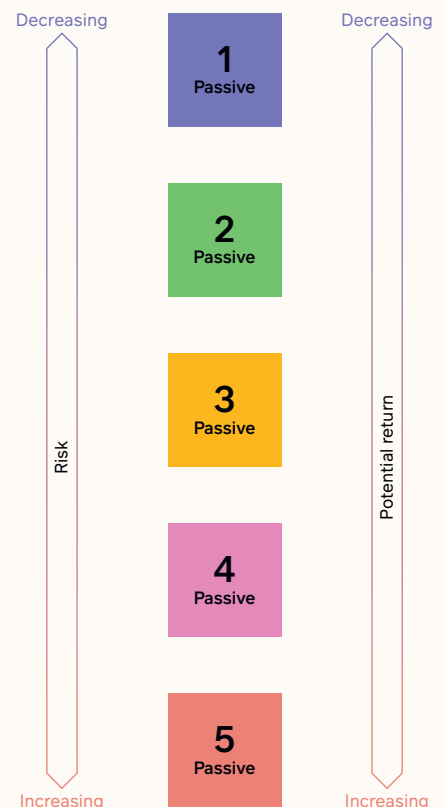
A passively managed investment is designed to rise and fall in line with the index it tracks, rather than outperform it.

This approach means there is less need for experts to step in and manage the investment on a regular basis. 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 investments hold companies within a specific country or region.

Five portfolios offering different levels of risk and reward



Actively managed explained – the traditional investment approach where 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.

Why use M&G Wealth MPS solutions?



Size and scale

M&G Wealth Investments 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.



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.



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 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.



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.



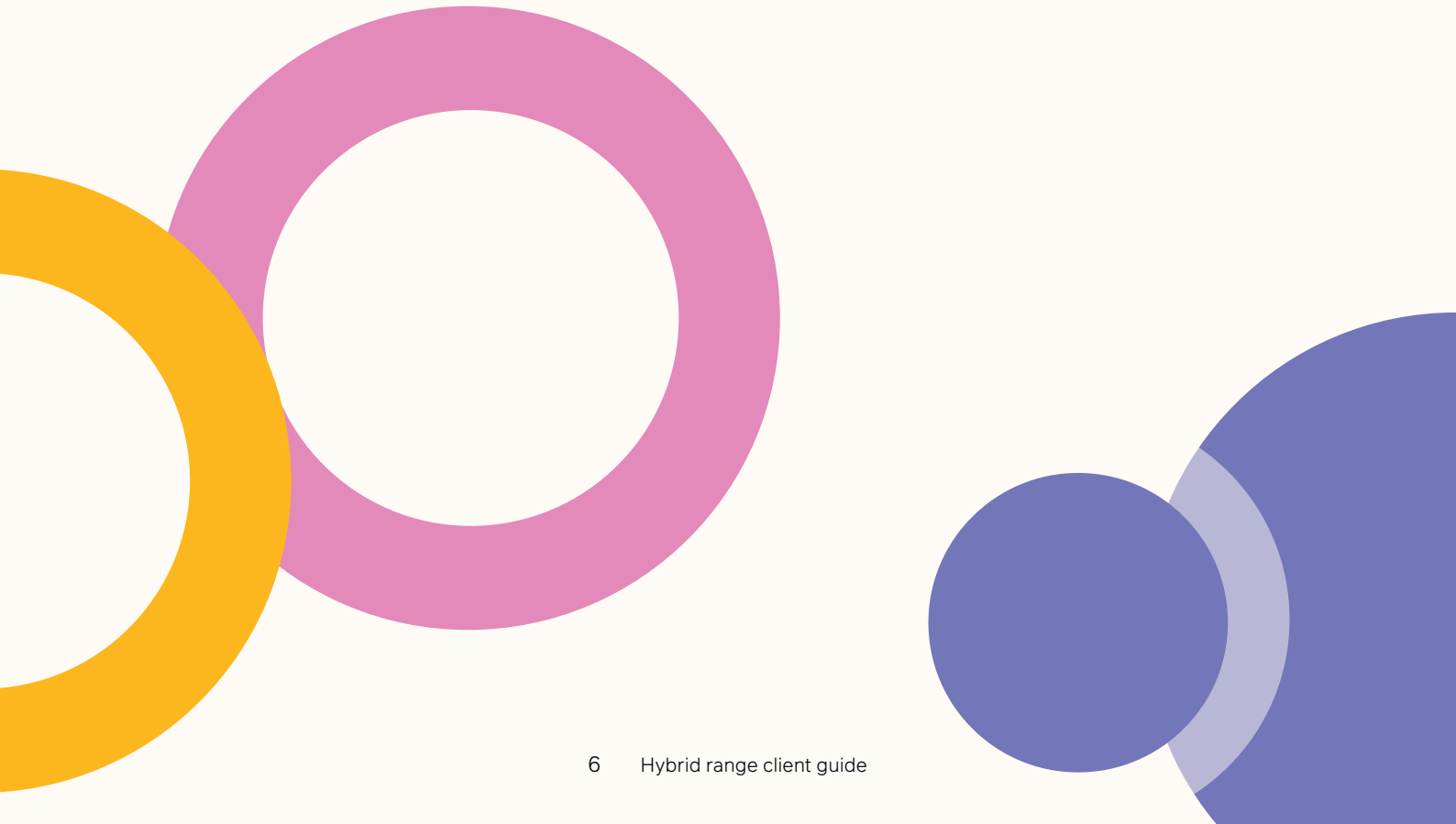
Competitive pricing

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.

Diversified portfolios explained – a diversified portfolio of investments contains a mix of distinct asset types and investment vehicles with the aim of limiting exposure to any single asset or risk.

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



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 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. For example, these could be things like investing 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.

Offering choice – risk versus reward

Everyone has different needs in terms of the risk they're willing 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 a range of five risk managed portfolios that vary in terms of their potential risk and potential reward.

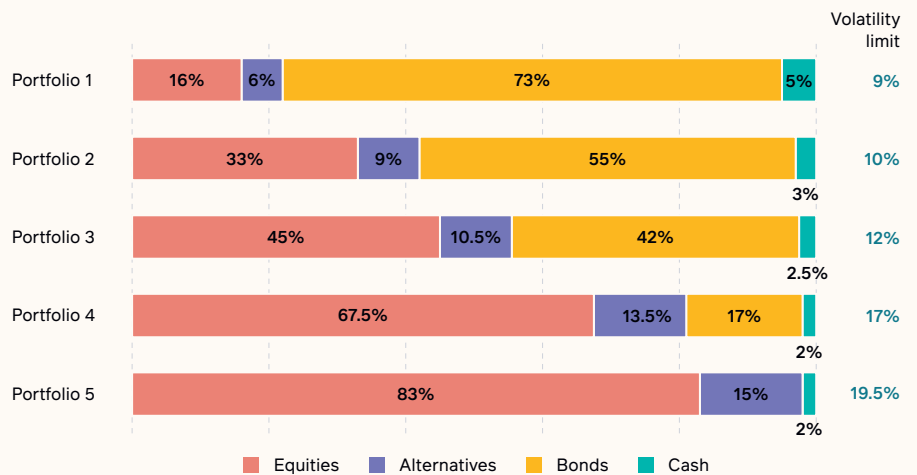
These are numbered one to five depending on how volatile they are expected to be.

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 following chart gives an indication of the globally diversified spread of investments for the Hybrid range of portfolios 1-5, as at 31 March 2024.

What our Hybrid 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.



Hybrid 1



Hybrid 2



Hybrid 3



Hybrid 4



Hybrid 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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