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M&G Wealth Investments LLP

Hybrid Model Portfolio Service  
Value Assessment

## Overview from the Board of M&G Wealth Investments LLP

This report is designed to help you to see whether M&G Wealth is delivering value for its customers. We, the Board of M&G Wealth Investments LLP (MGWI), have evaluated the value provided to you by M&G Wealth model portfolio services according to a range of criteria, including the quality of service you receive, whether services are competitively priced and, of course, long-term investment performance. You can read about these criteria over the coming pages.

We hope this report provides advisers and end-customers with clarity, transparency and confidence in the value they receive. Please feel free to contact us with any feedback on this report at [mpsinfo@mandg.com](mailto:mpsinfo@mandg.com)

### Summary of Findings

This Value Assessment covers the 12 months up to 31 December 2023. After careful consideration, we find that M&G's Hybrid model portfolio service has delivered value to investors in this period. The service is regarded as offering value where the overall rating is either 'satisfactory', 'good' or 'outstanding'.

The overall ratings are:

Portfolio	Overall
Hybrid MPS 1	1 Outstanding
Hybrid MPS 2	1 Outstanding
Hybrid MPS 3	1 Outstanding
Hybrid MPS 4	1 Outstanding
Hybrid MPS 5	1 Outstanding

## How we assess value

We have developed our own methodology for each of the criteria, based on objective analysis of what we consider to be the most relevant metrics of value. We have used a combination of external and internal information in the process. The 'scores' awarded for each category determine an overall rating for the service. The criteria do not carry equal importance. More weight has been attached to investment performance, based on what end-customers have told our parent company, M&G plc, in customer testing and surveys.

Please note that the views expressed in this report should not be taken as a recommendation or advice on how the service or any holding mentioned in the report is likely to perform. Please note that the latest information on model portfolio performance is available in the factsheets on the M&G Wealth MPS website, [here](#).

### Investment Performance

- We measure investment performance against its benchmark, to evaluate whether value has been delivered over an appropriate time period.

### Quality of Services

- We evaluate the quality of each service delivered to our customers by M&G Wealth, including the different sub-services that are delivered. These are broadly grouped into the following:
  - **Investment services:** These include designing the Strategic Asset Allocation of the portfolios, fund manager oversight, monitoring portfolio exposures, rebalancing portfolios and platform availability.
  - **Assistance with adviser suitability processes and customer understanding:** This includes providing risk ratings from third party firms for suitability processes, support materials to aid customer understanding and monthly factsheets.
  - **Information on financial markets to help advisers stay informed.** This includes market commentary and insights, as well a relationship support provided to advisers

### Costs

- We evaluate:
  - **Discretionary management fees**
  - **Controls on the costs of the underlying funds used in the service**
  - **The FCA COLL Value Assessments of the UK listed funds used in the service**

## Our value rating scale

Throughout this report, we have summarised our conclusions according to the following five-point scale. This reflects an underlying score that has been awarded to the service for each of the criteria. These are combined to create an overall rating for the service.

1. **Outstanding** Where the service has delivered exceptional value to its customers.
2. **Good** Where the service has delivered above-average value to its customers.
3. **Satisfactory** Where the service has delivered value to its customers overall, with only minor exceptions if any.
4. **Must improve** Where the service has not delivered value to all of its customers, falling short of expectations in certain areas, and where the Board is paying close scrutiny.
5. **Unsatisfactory** Where the service has not delivered value to all of its customers, and where the Board has determined that steps must be taken by M&G Wealth to improve value.

We may also conclude that it is not possible to assign a rating, due to not having sufficient data available. For example, there could be insufficient data to evaluate the performance of a model portfolio.

## Performance

The objective of the portfolios is to grow the capital value of the portfolio. The portfolios invest in different asset classes, such as bonds, equities, alternatives and cash to achieve the objective. This approach is designed to help customers with their long-term financial goals, such as saving for retirement, education or a property purchase. The customer owns the individual funds that make up the portfolio.

As part of the process to review and agree the asset allocation, M&G Wealth considers whether model portfolios are likely to deliver the investment objective, after all fees are paid by an end customer.

The performance of the portfolios is evaluated by looking at the total return over a 5-year time horizon relative to the comparator benchmark.

### Performance to 31 December 2023

Portfolio	Comparator Benchmark	Rating	Portfolio Performance			Performance Relative to Comparator Benchmark		
			1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
Hybrid MPS 1	IA Mixed Investment 0-35% Shares Sector	2	7.45	1.51	14.12	1.48	4.37	4.40
Hybrid MPS 2	IA Mixed Investment 20-60% Shares Sector	2	7.80	6.01	22.91	0.99	2.35	2.75
Hybrid MPS 3	IA Mixed Investment 20-60% Shares Sector	2	7.86	9.42	31.34	1.05	5.76	11.18
Hybrid MPS 4	IA Mixed Investment 40-85% Shares Sector	2	7.78	11.10	36.95	-0.30	3.23	5.41
Hybrid MPS 5	IA Mixed Investment 40-85% Shares Sector	2	7.61	11.48	38.52	-0.47	3.61	6.98

#### Key

1 Outstanding   2 Good   3 Satisfactory   4 Must improve   5 Unsatisfactory    N/A

Source: FE Analytics, as at 31 December 2023. While M&G Wealth Investments LLP has taken reasonable steps in the preparation of the performance figures, we can't accept responsibility for any errors, omissions, or actions taken based on the information. The performance figures are calculated in FE Fundinfo based on a standard model and may not reflect the performance of individual customer portfolios. The calculation includes all underlying fund charges and investment management fees. The platform, wrapper and advice fees are excluded. The benchmark IA sectors index represents the average returns of a wide range of mixed asset funds, with broadly similar equity content.

Past performance is not a guide to future performance. Investing comes with risk. The value of investments can go down as well as up and customers may not get back what they put in.

## Service

Based on internal reviews and adviser feedback, the quality of the service exceeded expectations, so the rating is:

**1** Outstanding

The key areas of noted in our internal review and from adviser feedback were:

Advisers gave positive feedback on the service, including the marketing materials provided, access to the investment team, and portfolio updates. The models were frequently reviewed and adjusted as needed. There were no trading errors during the year. The M&G Wealth Model Portfolio Service received a 5 star rating from the Financial Adviser Service Awards, as well as the Editor's Choice award.

## Costs

The cost rating is:

**1** Outstanding

The service's discretionary management fee is 0.15% pa. The average charge for competitors' services was 0.27% pa.

The competitor peer group and average charge was determined and calculated using data from Defaqto Matrix and M&G Wealth, as at 4 January 2024. The calculations do not consider whether VAT is charged.

As part of the investment framework, MGWI considers the OCFs of underlying funds and FCA COLL Value Assessments (where available) in its research and portfolio construction processes.

# Overall

## Conclusions from the Value Assessment

We conclude that the service has delivered value to end customers over the review period. We find that value has been achieved across all criteria.

Portfolio	Overall	Performance	Service	Costs
Hybrid MPS 1	1	2	1	1
Hybrid MPS 2	1	2	1	1
Hybrid MPS 3	1	2	1	1
Hybrid MPS 4	1	2	1	1
Hybrid MPS 5	1	2	1	1

### Key

1 Outstanding   2 Good   3 Satisfactory   4 Must improve   5 Unsatisfactory    N/A

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