

Synaptic Risk Rating Service



Fact
Sheet



M&G wealth

Q1 2024

Using the Risk Rating Service

It is the responsibility of the adviser to ensure that the level of risk that their client is exposed to is appropriate for their circumstances. The online Synaptic Attitude to Risk Questionnaire can assist in performing and saving a client risk appraisal, and the Risk analysis provided in these Fact Sheets can assist in identifying a suitable investment:

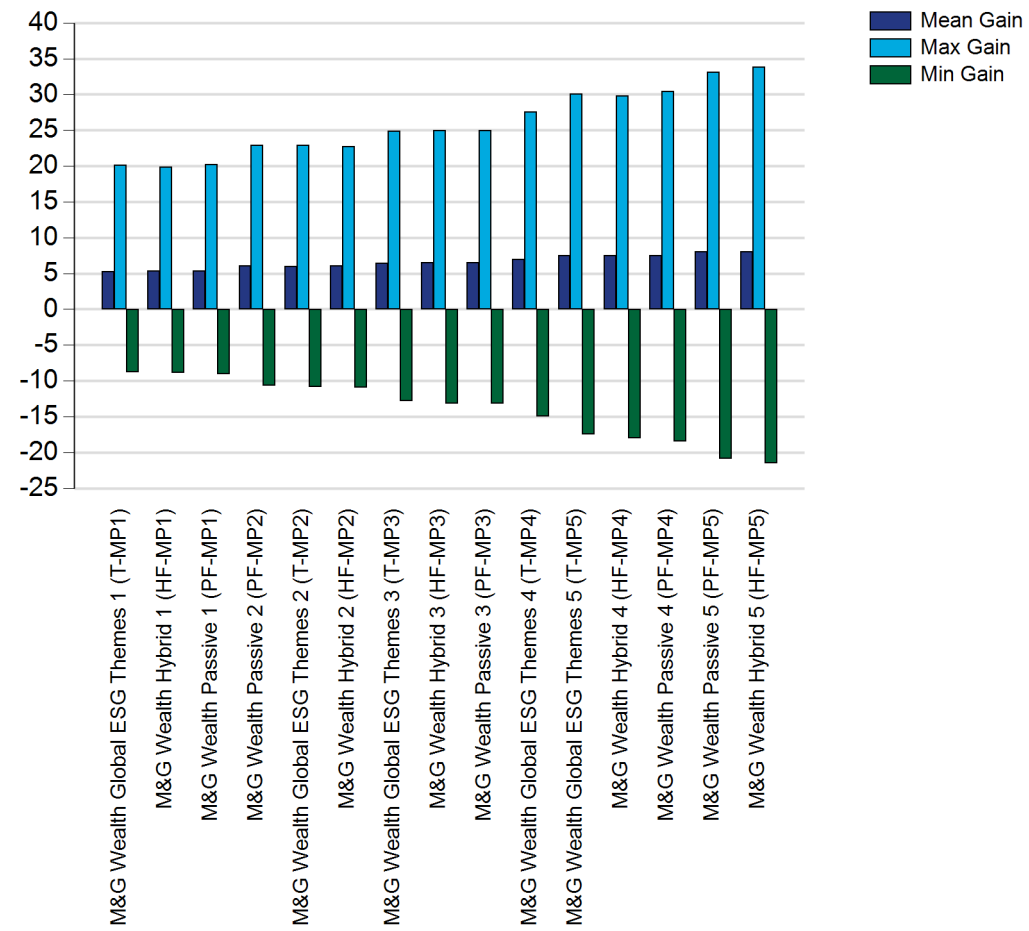
- Establish with the client how much they can afford to lose (tolerance for loss)
- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration
- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', or 'Capacity for Loss' quotient
- Compare the numbers to see if there is alignment. Due to the subjective nature of risk, there is a reliance on the skill and experience of the adviser to ensure that 'informed consent' has been achieved, on the basis that the client understands and agrees to the risk proposition.

The Capacity for Loss Quotient





The Synaptic Risk Rating Service is derived from the risk framework provided by Moody's Analytic's Stochastic engine. It has been created to provide advisers with more robust, quantitative measures for risk than is generally available, and provide the opportunity for them to move away from Volatility based ratings. Projections are asset allocation of the underlying investments. The multiple scenarios modelled by the stochastic engine aim to capture the likelihood of a range of investment outcomes:

- The Minimum gain figure represents the possible loss to be sustained 5% (or 1 in 20 year event), in any one year. I.E. 'dear client, you have a 1 in 20 chance of losing 20% of your portfolio in any one year, in search of the higher returns you seek'.
- The Maximum gain figure represents the 5% of best possible outcomes returned by the model, and the Mean is the average annual growth calculated by the model.

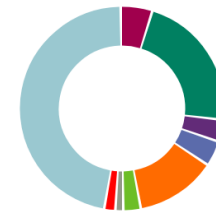
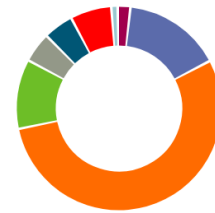
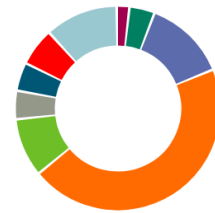
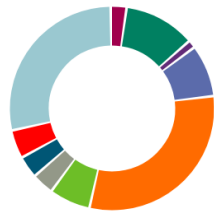
Graph showing spread of risk using Minimum, Mean and Maximum gain figures derived from the Moody's Analytic's stochastic outputs, as applied to the Strategic asset allocation



Tactical Asset Allocation

M&G Wealth Hybrid 1 (HF-MP1)		M&G Wealth Hybrid 2 (HF-MP2)		M&G Wealth Hybrid 3 (HF-MP3)		M&G Wealth Hybrid 4 (HF-MP4)		M&G Wealth Hybrid 5 (HF-MP5)		M&G Wealth Passive 1 (PF-MP1)	
											
Moderately Cautious (Low End)		Moderately Cautious (High End)		Balanced (Low End)		Moderately Adventurous (Low End)		Moderately Adventurous (High End)		Moderately Cautious (High End)	
Max gain	19.93%	Max gain	22.76%	Max gain	25.03%	Max gain	29.89%	Max gain	33.85%	Max gain	20.28%
Ave gain	5.41%	Ave gain	6.13%	Ave gain	6.60%	Ave gain	7.55%	Ave gain	8.11%	Ave gain	5.44%
Min gain	-8.79%	Min gain	-10.91%	Min gain	-13.13%	Min gain	-18.00%	Min gain	-21.44%	Min gain	-9.04%

Asset Allocation breakdown



Key

%
Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

Tactical (OUTER)

5.0
21.3
3.3
2.8
11.0
3.3
2.3
0.0
2.3
0.0
3.5
0.0
0.0
45.5

Key

Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

Tactical (OUTER)

3.0
15.3
2.0
6.3
23.0
4.8
2.8
0.0
2.8
0.0
4.0
0.0
0.0
36.3

Key

Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

Tactical (OUTER)

2.5
11.3
1.3
8.3
30.5
6.5
3.5
0.0
3.5
0.0
4.5
0.0
0.0
28.3

Key

Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

Tactical (OUTER)

2.0
4.0
0.0
13.0
45.3
9.3
4.5
0.0
4.5
0.0
6.0
0.0
0.0
11.5

Key

Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

Tactical (OUTER)

2.0
0.0
0.0
15.5
54.5
11.0
4.8
0.0
4.8
0.0
6.5
0.0
0.0
1.0







Key

Cash
UK Corporate Bonds
UK Govt Bonds
UK Equities
Global Equities (ex UK)
Emerging Markets Equities
Global Property
Global Private Equity
Hedge Funds
Commodities
Global Infrastructure
European Fixed Income
US Fixed Income
Global Bonds (ex UK)

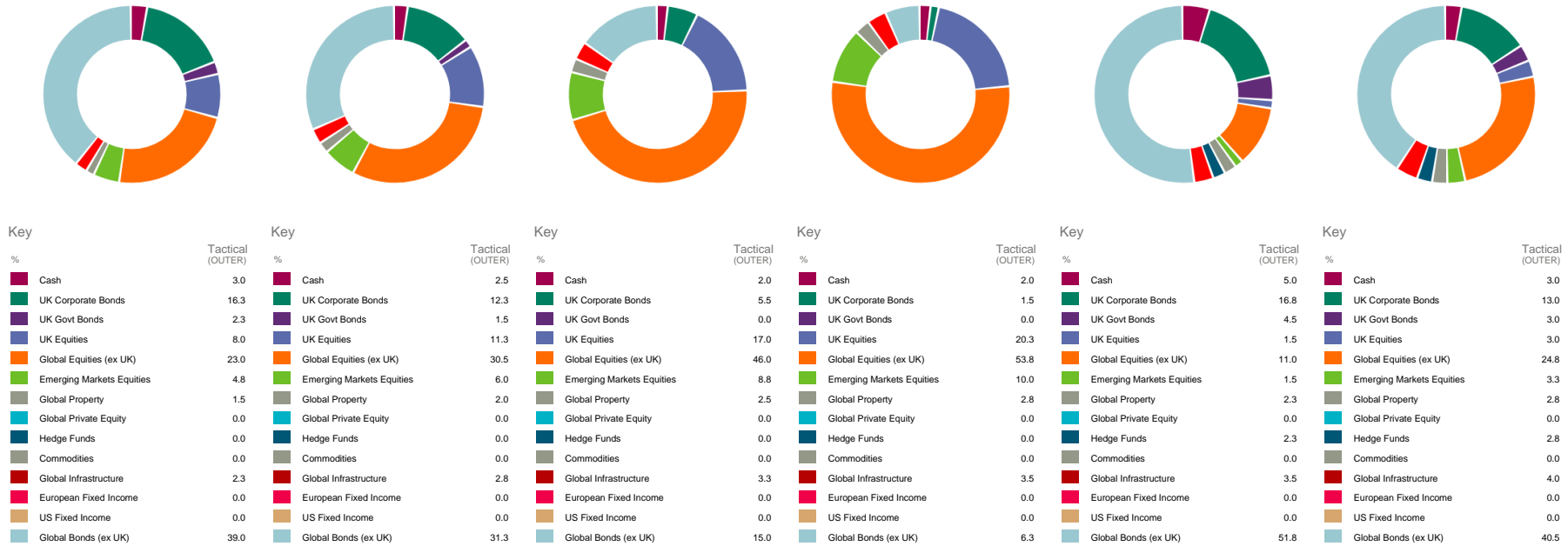
Tactical (OUTER)

5.0
22.0
3.5
4.0
12.8
2.8
1.3
0.0
0.0
0.0
1.8
0.0
0.0
47.0

Tactical Asset Allocation

M&G Wealth Passive 2 (PF-MP2)		M&G Wealth Passive 3 (PF-MP3)		M&G Wealth Passive 4 (PF-MP4)		M&G Wealth Passive 5 (PF-MP5)		M&G Wealth Global ESG Themes 1 (T-MP1)		M&G Wealth Global ESG Themes 2 (T-MP2)	
											
Moderately Cautious (High End)		Balanced (Low End)		Moderately Adventurous (Low End)		Moderately Adventurous (High End)		Moderately Cautious (Low End)		Moderately Cautious (High End)	
Max gain	22.94%	Max gain	25.05%	Max gain	30.46%	Max gain	33.17%	Max gain	20.18%	Max gain	22.93%
Ave gain	6.11%	Ave gain	6.60%	Ave gain	7.58%	Ave gain	8.07%	Ave gain	5.28%	Ave gain	6.04%
Min gain	-10.66%	Min gain	-13.14%	Min gain	-18.41%	Min gain	-20.86%	Min gain	-8.73%	Min gain	-10.77%

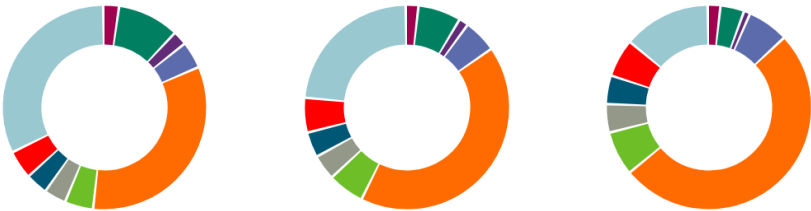
Asset Allocation breakdown





Tactical Asset Allocation					
<div><div>Synaptic Risk Rating</div><div>5</div><div>1-10</div></div>		<div><div>Synaptic Risk Rating</div><div>6</div><div>1-10</div></div>		<div><div>Synaptic Risk Rating</div><div>7</div><div>1-10</div></div>	
Balanced (Low End)		Balanced (High End)		Moderately Adventurous (Low End)	
Max gain	24.98%	Max gain	27.62%	Max gain	30.17%
Ave gain	6.52%	Ave gain	7.02%	Ave gain	7.52%
Min gain	-12.77%	Min gain	-14.88%	Min gain	-17.40%

Asset Allocation breakdown



Key		Key		Key	
%	Tactical (OUTER)	%	Tactical (OUTER)	%	Tactical (OUTER)
Cash	2.5	Cash	2.0	Cash	2.0
UK Corporate Bonds	9.8	UK Corporate Bonds	6.8	UK Corporate Bonds	3.8
UK Govt Bonds	2.3	UK Govt Bonds	1.5	UK Govt Bonds	1.0
UK Equities	4.3	UK Equities	5.3	UK Equities	6.5
Global Equities (ex UK)	33.3	Global Equities (ex UK)	42.0	Global Equities (ex UK)	51.0
Emerging Markets Equities	4.5	Emerging Markets Equities	5.8	Emerging Markets Equities	7.0
Global Property	3.5	Global Property	4.0	Global Property	4.5
Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0
Hedge Funds	3.5	Hedge Funds	4.0	Hedge Funds	4.5
Commodities	0.0	Commodities	0.0	Commodities	0.0
Global Infrastructure	4.5	Global Infrastructure	5.5	Global Infrastructure	6.0
European Fixed Income	0.0	European Fixed Income	0.0	European Fixed Income	0.0
US Fixed Income	0.0	US Fixed Income	0.0	US Fixed Income	0.0
Global Bonds (ex UK)	32.0	Global Bonds (ex UK)	23.3	Global Bonds (ex UK)	13.8