

Synaptic Risk Rating Service



Fact
Sheet



M&G wealth

Q2 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:

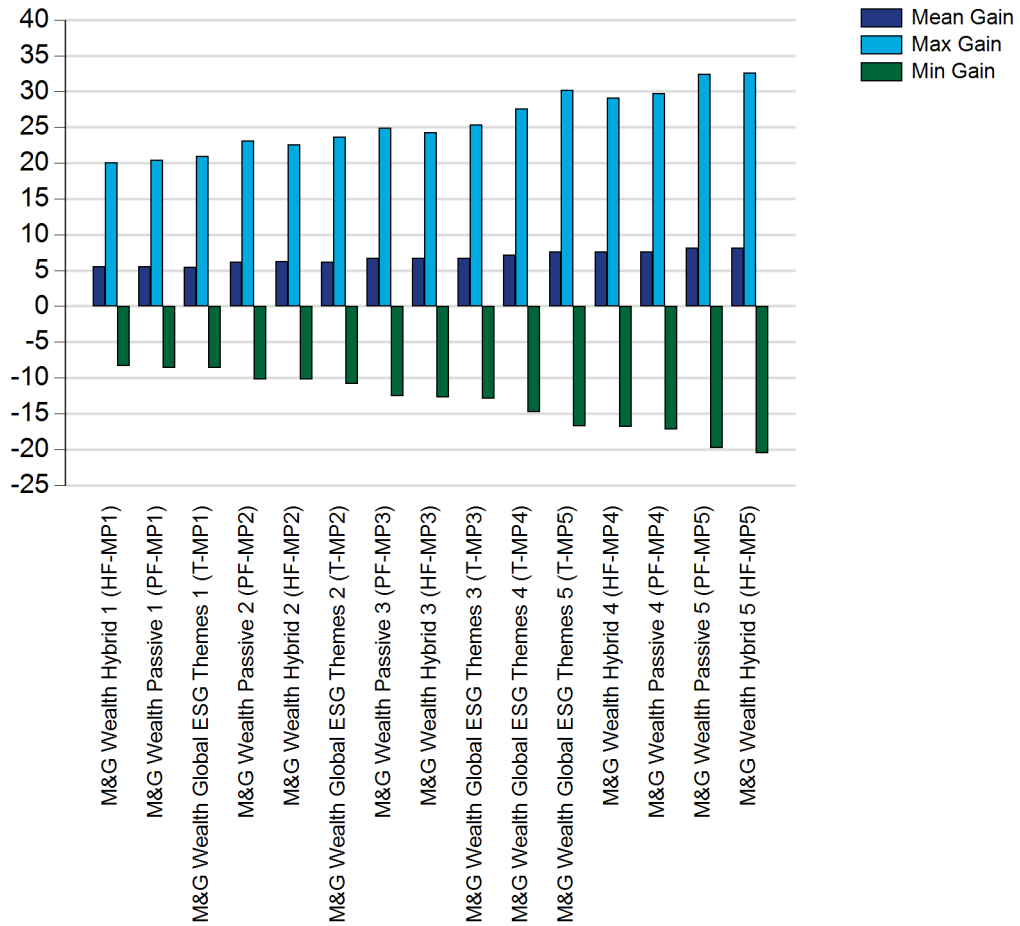
- Establish with the client how much they can afford to lose (tolerance for loss)
- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration
- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', 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

| Product | Synaptic Risk Rating | Strategy | Max gain | Ave gain | Min gain |
|-------------------------------|----------------------|-----------------------------------|----------|----------|----------|
| M&G Wealth Hybrid 1 (HF-MP1) | 3 (1-10) | Moderately Cautious (Low End) | 20.10% | 5.59% | -8.27% |
| M&G Wealth Hybrid 2 (HF-MP2) | 4 (1-10) | Moderately Cautious (High End) | 22.64% | 6.28% | -10.20% |
| M&G Wealth Hybrid 3 (HF-MP3) | 5 (1-10) | Balanced (Low End) | 24.30% | 6.72% | -12.64% |
| M&G Wealth Hybrid 4 (HF-MP4) | 7 (1-10) | Moderately Adventurous (Low End) | 29.11% | 7.64% | -16.79% |
| M&G Wealth Hybrid 5 (HF-MP5) | 8 (1-10) | Moderately Adventurous (High End) | 32.61% | 8.17% | -20.46% |
| M&G Wealth Passive 1 (PF-MP1) | 3 (1-10) | Moderately Cautious (Low End) | 20.46% | 5.62% | -8.57% |

Asset Allocation breakdown



| Product | Asset Class | Tactical (OUTER) % |
|-------------------------------|---------------------------|--------------------|
| M&G Wealth Hybrid 1 (HF-MP1) | Cash | 5.0 |
| | UK Corporate Bonds | 21.5 |
| | UK Govt Bonds | 4.8 |
| | UK Equities | 2.3 |
| | Global Equities (ex UK) | 9.8 |
| | Emerging Markets Equities | 3.0 |
| | Global Property | 2.3 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 2.3 |
| | Commodities | 0.0 |
| | Global Infrastructure | 3.5 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 45.8 |
| M&G Wealth Hybrid 2 (HF-MP2) | Cash | 3.0 |
| | UK Corporate Bonds | 15.8 |
| | UK Govt Bonds | 3.5 |
| | UK Equities | 5.5 |
| | Global Equities (ex UK) | 21.3 |
| | Emerging Markets Equities | 4.8 |
| | Global Property | 2.8 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 2.8 |
| | Commodities | 0.0 |
| | Global Infrastructure | 4.0 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 36.8 |
| M&G Wealth Hybrid 3 (HF-MP3) | Cash | 2.5 |
| | UK Corporate Bonds | 12.0 |
| | UK Govt Bonds | 2.8 |
| | UK Equities | 7.5 |
| | Global Equities (ex UK) | 27.8 |
| | Emerging Markets Equities | 6.8 |
| | Global Property | 3.5 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 3.5 |
| | Commodities | 0.0 |
| | Global Infrastructure | 4.5 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 29.3 |
| M&G Wealth Hybrid 4 (HF-MP4) | Cash | 2.0 |
| | UK Corporate Bonds | 5.3 |
| | UK Govt Bonds | 1.5 |
| | UK Equities | 11.8 |
| | Global Equities (ex UK) | 41.8 |
| | Emerging Markets Equities | 10.3 |
| | Global Property | 4.5 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 4.5 |
| | Commodities | 0.0 |
| | Global Infrastructure | 6.0 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 12.5 |
| M&G Wealth Hybrid 5 (HF-MP5) | Cash | 2.0 |
| | UK Corporate Bonds | 22.3 |
| | UK Govt Bonds | 5.0 |
| | UK Equities | 3.3 |
| | Global Equities (ex UK) | 12.5 |
| | Emerging Markets Equities | 1.8 |
| | Global Property | 1.3 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 0.0 |
| | Commodities | 0.0 |
| | Global Infrastructure | 1.8 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 47.3 |
| M&G Wealth Passive 1 (PF-MP1) | Cash | 5.0 |
| | UK Corporate Bonds | 22.3 |
| | UK Govt Bonds | 5.0 |
| | UK Equities | 3.3 |
| | Global Equities (ex UK) | 12.5 |
| | Emerging Markets Equities | 1.8 |
| | Global Property | 1.3 |
| | Global Private Equity | 0.0 |
| | Hedge Funds | 0.0 |
| | Commodities | 0.0 |
| | Global Infrastructure | 1.8 |
| | European Fixed Income | 0.0 |
| | US Fixed Income | 0.0 |
| | Global Bonds (ex UK) | 2.0 |



Tactical Asset Allocation

| Product | Synaptic Risk Rating | Strategy | Max gain | Ave gain | Min gain |
|--|----------------------|-----------------------------------|----------|----------|----------|
| M&G Wealth Passive 2 (PF-MP2) | 4 (1-10) | Moderately Cautious (High End) | 23.16% | 6.26% | -10.15% |
| M&G Wealth Passive 3 (PF-MP3) | 5 (1-10) | Balanced (Low End) | 24.90% | 6.74% | -12.50% |
| M&G Wealth Passive 4 (PF-MP4) | 7 (1-10) | Moderately Adventurous (Low End) | 29.76% | 7.67% | -17.16% |
| M&G Wealth Passive 5 (PF-MP5) | 8 (1-10) | Moderately Adventurous (High End) | 32.46% | 8.15% | -19.79% |
| M&G Wealth Global ESG Themes 1 (T-MP1) | 3 (1-10) | Moderately Cautious (Low End) | 20.97% | 5.53% | -8.59% |
| M&G Wealth Global ESG Themes 2 (T-MP2) | 4 (1-10) | Moderately Cautious (High End) | 23.65% | 6.26% | -10.78% |

Asset Allocation breakdown



| Product | Asset Class | % | Tactical (OUTER) |
|--|---------------------------|------|------------------|
| M&G Wealth Passive 2 (PF-MP2) | Cash | 3.0 | 3.0 |
| | UK Corporate Bonds | 16.8 | 16.8 |
| | UK Govt Bonds | 3.8 | 3.8 |
| | UK Equities | 7.3 | 7.3 |
| | Global Equities (ex UK) | 22.3 | 22.3 |
| | Emerging Markets Equities | 3.8 | 3.8 |
| | Global Property | 1.5 | 1.5 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 0.0 | 0.0 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 2.3 | 2.3 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 39.5 | 39.5 |
| M&G Wealth Passive 3 (PF-MP3) | Cash | 2.5 | 2.5 |
| | UK Corporate Bonds | 13.0 | 13.0 |
| | UK Govt Bonds | 3.0 | 3.0 |
| | UK Equities | 10.0 | 10.0 |
| | Global Equities (ex UK) | 29.8 | 29.8 |
| | Emerging Markets Equities | 5.0 | 5.0 |
| | Global Property | 2.0 | 2.0 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 0.0 | 0.0 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 2.8 | 2.8 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 32.0 | 32.0 |
| M&G Wealth Passive 4 (PF-MP4) | Cash | 2.0 | 2.0 |
| | UK Corporate Bonds | 6.8 | 6.8 |
| | UK Govt Bonds | 1.5 | 1.5 |
| | UK Equities | 15.5 | 15.5 |
| | Global Equities (ex UK) | 44.5 | 44.5 |
| | Emerging Markets Equities | 7.8 | 7.8 |
| | Global Property | 2.5 | 2.5 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 0.0 | 0.0 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 3.3 | 3.3 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 16.3 | 16.3 |
| M&G Wealth Passive 5 (PF-MP5) | Cash | 2.0 | 2.0 |
| | UK Corporate Bonds | 3.0 | 3.0 |
| | UK Govt Bonds | 1.5 | 1.5 |
| | UK Equities | 18.5 | 18.5 |
| | Global Equities (ex UK) | 52.0 | 52.0 |
| | Emerging Markets Equities | 9.0 | 9.0 |
| | Global Property | 2.8 | 2.8 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 0.0 | 0.0 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 3.5 | 3.5 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 7.8 | 7.8 |
| M&G Wealth Global ESG Themes 1 (T-MP1) | Cash | 5.0 | 5.0 |
| | UK Corporate Bonds | 16.3 | 16.3 |
| | UK Govt Bonds | 0.0 | 0.0 |
| | UK Equities | 1.3 | 1.3 |
| | Global Equities (ex UK) | 11.8 | 11.8 |
| | Emerging Markets Equities | 1.5 | 1.5 |
| | Global Property | 2.3 | 2.3 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 2.3 | 2.3 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 3.5 | 3.5 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 56.3 | 56.3 |
| M&G Wealth Global ESG Themes 2 (T-MP2) | Cash | 3.0 | 3.0 |
| | UK Corporate Bonds | 12.8 | 12.8 |
| | UK Govt Bonds | 0.0 | 0.0 |
| | UK Equities | 2.8 | 2.8 |
| | Global Equities (ex UK) | 25.0 | 25.0 |
| | Emerging Markets Equities | 3.3 | 3.3 |
| | Global Property | 2.8 | 2.8 |
| | Global Private Equity | 0.0 | 0.0 |
| | Hedge Funds | 2.8 | 2.8 |
| | Commodities | 0.0 | 0.0 |
| | Global Infrastructure | 4.0 | 4.0 |
| | European Fixed Income | 0.0 | 0.0 |
| | US Fixed Income | 0.0 | 0.0 |
| | Global Bonds (ex UK) | 43.8 | 43.8 |



Tactical Asset Allocation

| Synaptic Risk Rating 5 (1-10) | | Synaptic Risk Rating 6 (1-10) | | Synaptic Risk Rating 7 (1-10) | |
|-------------------------------|---------|-------------------------------|---------|----------------------------------|---------|
| Balanced (Low End) | | Balanced (High End) | | Moderately Adventurous (Low End) | |
| Max gain | 25.35% | Max gain | 27.59% | Max gain | 30.18% |
| Ave gain | 6.72% | Ave gain | 7.20% | Ave gain | 7.69% |
| Min gain | -12.82% | Min gain | -14.73% | Min gain | -16.74% |

Asset Allocation breakdown



Key

| % | Tactical (OUTER) |
|---------------------------|------------------|
| Cash | 2.5 |
| UK Corporate Bonds | 8.5 |
| UK Govt Bonds | 0.0 |
| UK Equities | 3.8 |
| Global Equities (ex UK) | 33.3 |
| Emerging Markets Equities | 4.5 |
| Global Property | 3.5 |
| Global Private Equity | 0.0 |
| Hedge Funds | 3.5 |
| Commodities | 0.0 |
| Global Infrastructure | 4.5 |
| European Fixed Income | 0.0 |
| US Fixed Income | 0.0 |
| Global Bonds (ex UK) | 36.0 |

Key

| % | Tactical (OUTER) |
|---------------------------|------------------|
| Cash | 2.5 |
| UK Corporate Bonds | 8.5 |
| UK Govt Bonds | 0.0 |
| UK Equities | 3.8 |
| Global Equities (ex UK) | 41.5 |
| Emerging Markets Equities | 5.8 |
| Global Property | 4.0 |
| Global Private Equity | 0.0 |
| Hedge Funds | 4.0 |
| Commodities | 0.0 |
| Global Infrastructure | 5.5 |
| European Fixed Income | 0.0 |
| US Fixed Income | 0.0 |
| Global Bonds (ex UK) | 26.3 |

Key

| % | Tactical (OUTER) |
|---------------------------|------------------|
| Cash | 2.0 |
| UK Corporate Bonds | 6.3 |
| UK Govt Bonds | 0.0 |
| UK Equities | 4.8 |
| Global Equities (ex UK) | 50.0 |
| Emerging Markets Equities | 7.0 |
| Global Property | 4.5 |
| Global Private Equity | 0.0 |
| Hedge Funds | 4.5 |
| Commodities | 0.0 |
| Global Infrastructure | 6.0 |
| European Fixed Income | 0.0 |
| US Fixed Income | 0.0 |
| Global Bonds (ex UK) | 16.0 |