

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:

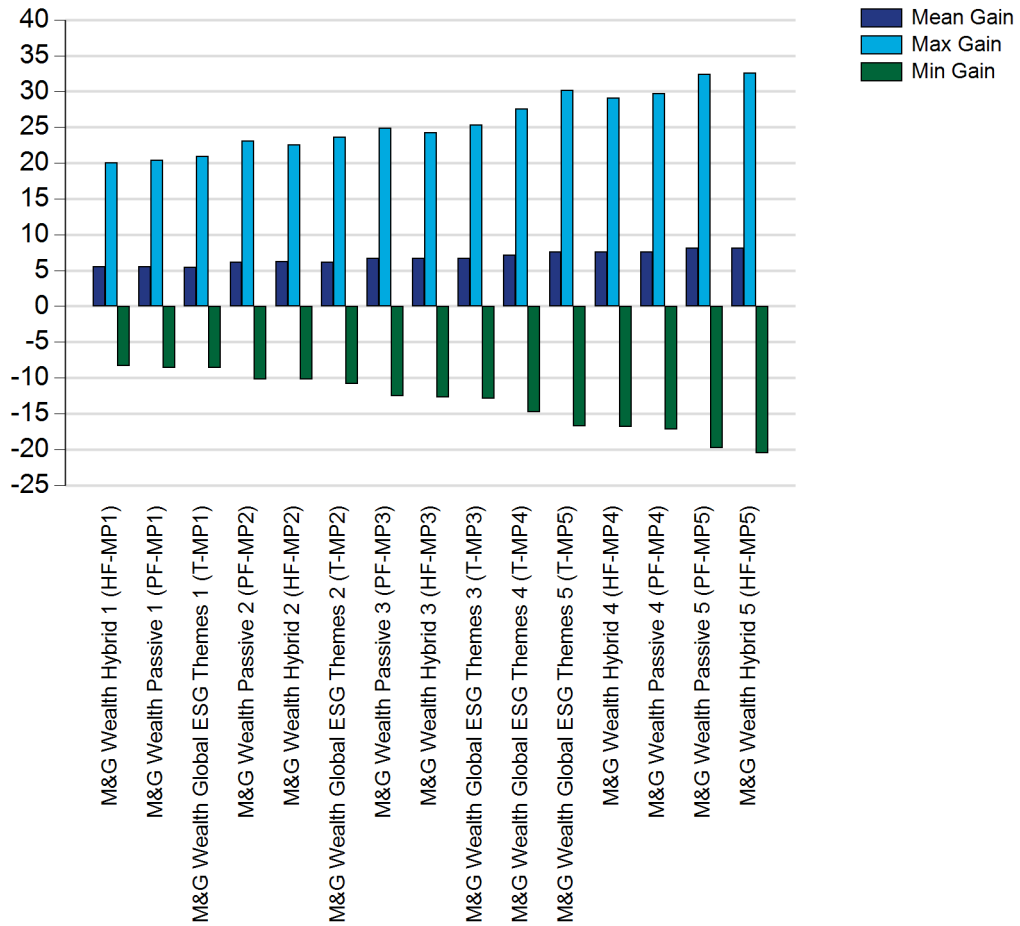
- Establish with the client how much they can afford to lose (tolerance for loss)
- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration
- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', 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)	2.3	Moderately Cautious	20.10%	5.59%	-8.27%
M&G Wealth Hybrid 2 (HF-MP2)	2.7	Moderately Cautious	22.64%	6.28%	-10.20%
M&G Wealth Hybrid 3 (HF-MP3)	3.2	Balanced	24.30%	6.72%	-12.64%
M&G Wealth Hybrid 4 (HF-MP4)	4.0	Moderately Adventurous	29.11%	7.64%	-16.79%
M&G Wealth Hybrid 5 (HF-MP5)	4.7	Moderately Adventurous	32.61%	8.17%	-20.46%
M&G Wealth Passive 1 (PF-MP1)	2.4	Moderately Cautious	20.46%	5.62%	-8.57%

Asset Allocation breakdown



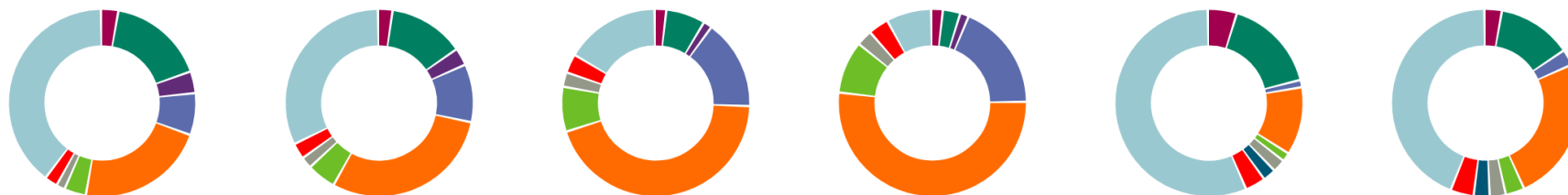
Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)
Cash	5.0	Cash	3.0	Cash	2.5	Cash	2.0	Cash	2.0	Cash	5.0
UK Corporate Bonds	21.5	UK Corporate Bonds	15.8	UK Corporate Bonds	12.0	UK Corporate Bonds	5.3	UK Corporate Bonds	2.5	UK Corporate Bonds	22.3
UK Govt Bonds	4.8	UK Govt Bonds	3.5	UK Govt Bonds	2.8	UK Govt Bonds	1.5	UK Govt Bonds	1.0	UK Govt Bonds	5.0
UK Equities	2.3	UK Equities	5.5	UK Equities	7.5	UK Equities	11.8	UK Equities	14.0	UK Equities	3.3
Global Equities (ex UK)	9.8	Global Equities (ex UK)	21.3	Global Equities (ex UK)	27.8	Global Equities (ex UK)	41.8	Global Equities (ex UK)	49.8	Global Equities (ex UK)	12.5
Emerging Markets Equities	3.0	Emerging Markets Equities	4.8	Emerging Markets Equities	6.8	Emerging Markets Equities	10.3	Emerging Markets Equities	12.8	Emerging Markets Equities	1.8
Global Property	2.3	Global Property	2.8	Global Property	3.5	Global Property	4.5	Global Property	4.8	Global Property	1.3
Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0
Hedge Funds	2.3	Hedge Funds	2.8	Hedge Funds	3.5	Hedge Funds	4.5	Hedge Funds	4.8	Hedge Funds	0.0
Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0
Global Infrastructure	3.5	Global Infrastructure	4.0	Global Infrastructure	4.5	Global Infrastructure	6.0	Global Infrastructure	6.5	Global Infrastructure	1.8
European Fixed Income	0.0	European Fixed Income	0.0	European Fixed Income	0.0	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	US Fixed Income	0.0	US Fixed Income	0.0	US Fixed Income	0.0
Global Bonds (ex UK)	45.8	Global Bonds (ex UK)	36.8	Global Bonds (ex UK)	29.3	Global Bonds (ex UK)	12.5	Global Bonds (ex UK)	2.0	Global Bonds (ex UK)	47.3



Tactical Asset Allocation

Product	Synaptic Risk Rating	Strategy	Max gain	Ave gain	Min gain
M&G Wealth Passive 2 (PF-MP2)	2.7	Moderately Cautious	23.16%	6.26%	-10.15%
M&G Wealth Passive 3 (PF-MP3)	3.1	Balanced	24.90%	6.74%	-12.50%
M&G Wealth Passive 4 (PF-MP4)	4.1	Moderately Adventurous	29.76%	7.67%	-17.16%
M&G Wealth Passive 5 (PF-MP5)	4.6	Moderately Adventurous	32.46%	8.15%	-19.79%
M&G Wealth Global ESG Themes 1 (T-MP1)	2.4	Moderately Cautious	20.97%	5.53%	-8.59%
M&G Wealth Global ESG Themes 2 (T-MP2)	2.8	Moderately Cautious	23.65%	6.26%	-10.78%

Asset Allocation breakdown



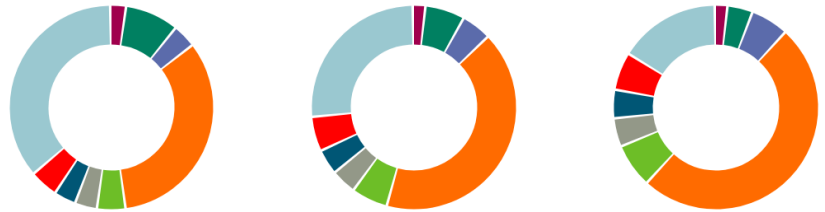
Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)	Key	Tactical (OUTER)
Cash	3.0	Cash	2.5	Cash	2.0	Cash	2.0	Cash	5.0	Cash	3.0
UK Corporate Bonds	16.8	UK Corporate Bonds	13.0	UK Corporate Bonds	6.8	UK Corporate Bonds	3.0	UK Corporate Bonds	16.3	UK Corporate Bonds	12.8
UK Govt Bonds	3.8	UK Govt Bonds	3.0	UK Govt Bonds	1.5	UK Govt Bonds	1.5	UK Govt Bonds	0.0	UK Govt Bonds	0.0
UK Equities	7.3	UK Equities	10.0	UK Equities	15.5	UK Equities	18.5	UK Equities	1.3	UK Equities	2.8
Global Equities (ex UK)	22.3	Global Equities (ex UK)	29.8	Global Equities (ex UK)	44.5	Global Equities (ex UK)	52.0	Global Equities (ex UK)	11.8	Global Equities (ex UK)	25.0
Emerging Markets Equities	3.8	Emerging Markets Equities	5.0	Emerging Markets Equities	7.8	Emerging Markets Equities	9.0	Emerging Markets Equities	1.5	Emerging Markets Equities	3.3
Global Property	1.5	Global Property	2.0	Global Property	2.5	Global Property	2.8	Global Property	2.3	Global Property	2.8
Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0	Global Private Equity	0.0
Hedge Funds	0.0	Hedge Funds	0.0	Hedge Funds	0.0	Hedge Funds	0.0	Hedge Funds	2.3	Hedge Funds	2.8
Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0
Global Infrastructure	2.3	Global Infrastructure	2.8	Global Infrastructure	3.3	Global Infrastructure	3.5	Global Infrastructure	3.5	Global Infrastructure	4.0
European Fixed Income	0.0	European Fixed Income	0.0	European Fixed Income	0.0	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	US Fixed Income	0.0	US Fixed Income	0.0	US Fixed Income	0.0
Global Bonds (ex UK)	39.5	Global Bonds (ex UK)	32.0	Global Bonds (ex UK)	16.3	Global Bonds (ex UK)	7.8	Global Bonds (ex UK)	56.3	Global Bonds (ex UK)	43.8



Tactical Asset Allocation

M&G Wealth Global ESG Themes 3 (T-MP3)		M&G Wealth Global ESG Themes 4 (T-MP4)		M&G Wealth Global ESG Themes 5 (T-MP5)	
 Synaptic Risk Rating 3.2 1-5		 Synaptic Risk Rating 3.6 1-5		 Synaptic Risk Rating 4.0 1-5	
Balanced		Balanced		Moderately Adventurous	
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		Key		Key		Key	
%	Tactical (OUTER)	%	Tactical (OUTER)	%	Tactical (OUTER)	%	Tactical (OUTER)
Cash	2.5	Cash	2.0	Cash	2.0	Cash	2.0
UK Corporate Bonds	8.5	UK Corporate Bonds	6.3	UK Corporate Bonds	4.0	UK Corporate Bonds	4.0
UK Govt Bonds	0.0	UK Govt Bonds	0.0	UK Govt Bonds	0.0	UK Govt Bonds	0.0
UK Equities	3.8	UK Equities	4.8	UK Equities	6.0	UK Equities	6.0
Global Equities (ex UK)	33.3	Global Equities (ex UK)	41.5	Global Equities (ex UK)	50.0	Global Equities (ex UK)	50.0
Emerging Markets Equities	4.5	Emerging Markets Equities	5.8	Emerging Markets Equities	7.0	Emerging Markets Equities	7.0
Global Property	3.5	Global Property	4.0	Global Property	4.5	Global Property	4.5
Global Private Equity	0.0	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	Hedge Funds	4.5
Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0
Global Infrastructure	4.5	Global Infrastructure	5.5	Global Infrastructure	6.0	Global Infrastructure	6.0
European Fixed Income	0.0	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	US Fixed Income	0.0
Global Bonds (ex UK)	36.0	Global Bonds (ex UK)	26.3	Global Bonds (ex UK)	16.0	Global Bonds (ex UK)	16.0