Synaptic Risk Rating Service

Risk

Fact Sheet

M&G wealth

Q1 2025

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:

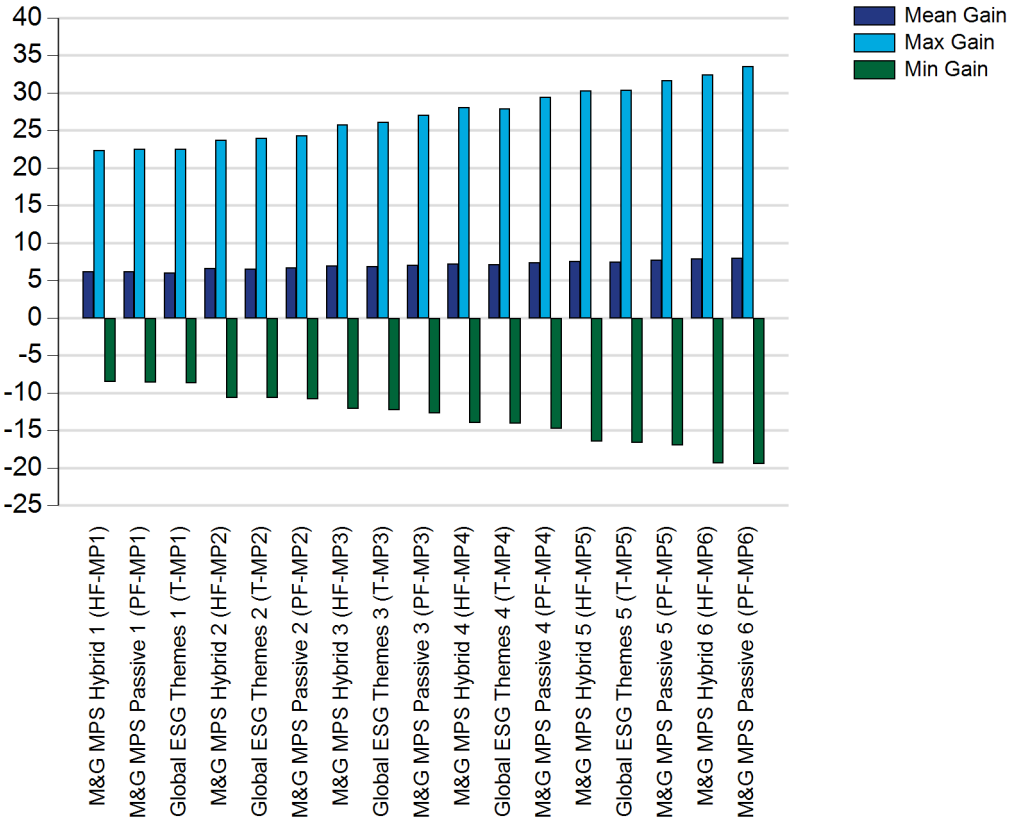
- Establish with the client how much they can afford to lose (tolerance for loss)
- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration
- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain',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



M&G MPS Hybrid 1 (HF-MP1)	M&G MPS Hybrid 2 (HF-MP2)	M&G MPS Hybrid 3 (HF-MP3)	M&G MPS Hybrid 4 (HF-MP4)	M&G MPS Hybrid 5 (HF-MP5)	M&G MPS Hybrid 6 (HF-MP6)

Tactical Asset Allocation

Synaptic Risk Rating	2.3	2.8	3.1	3.4	3.9	4.5
	Moderately Cautious	Moderately Cautious	Balanced	Balanced	Balanced	Moderately Adventurous
Max gain	22.38%	23.76%	25.80%	28.12%	30.29%	32.47%
Ave gain	6.17%	6.67%	6.96%	7.27%	7.58%	7.96%
Min gain	-8.48%	-10.60%	-12.07%	-13.96%	-16.46%	-19.36%

Asset Allocation breakdown

Key						
%	Tactical (OUTER)					
Cash	5.0	3.0	2.5	2.0	2.0	2.0
UK Corporate Bonds	23.0	17.3	13.0	9.0	5.5	2.0
UK Govt Bonds	6.3	5.0	4.0	3.0	2.0	1.0
UK Equities	2.5	5.8	8.0	10.0	12.3	14.8
Global Equities (ex UK)	11.8	23.5	30.8	38.3	46.0	55.3
Emerging Markets Equities	1.3	2.8	3.8	4.8	5.8	7.0
Global Property	2.3	2.8	3.5	4.0	4.5	4.8
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	2.3	2.8	3.5	4.0	4.5	4.8
Commodities	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	3.5	4.0	4.5	5.5	6.0	6.5
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	42.3	33.3	26.5	19.5	11.5	2.0

M&G MPS Passive 1 (PF-MP1)	M&G MPS Passive 2 (PF-MP2)	M&G MPS Passive 3 (PF-MP3)	M&G MPS Passive 4 (PF-MP4)	M&G MPS Passive 5 (PF-MP5)	M&G MPS Passive 6 (PF-MP6)

Tactical Asset Allocation

Synaptic Risk Rating 2.4 (1-5)	Synaptic Risk Rating 2.8 (1-5)	Synaptic Risk Rating 3.2 (1-5)	Synaptic Risk Rating 3.6 (1-5)	Synaptic Risk Rating 4.0 (1-5)	Synaptic Risk Rating 4.5 (1-5)
Moderately Cautious	Moderately Cautious	Balanced	Balanced	Moderately Adventurous	Moderately Adventurous
Max gain 22.53%	Max gain 24.33%	Max gain 27.05%	Max gain 29.48%	Max gain 31.67%	Max gain 33.60%
Ave gain 6.25%	Ave gain 6.72%	Ave gain 7.06%	Ave gain 7.40%	Ave gain 7.71%	Ave gain 8.05%
Min gain -8.62%	Min gain -10.77%	Min gain -12.65%	Min gain -14.73%	Min gain -16.94%	Min gain -19.47%

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	2.0
UK Corporate Bonds	24.0	UK Corporate Bonds	18.5	UK Corporate Bonds	14.3	UK Corporate Bonds	10.3	UK Corporate Bonds	6.8	UK Corporate Bonds	3.5
UK Govt Bonds	6.5	UK Govt Bonds	5.3	UK Govt Bonds	4.3	UK Govt Bonds	3.3	UK Govt Bonds	2.3	UK Govt Bonds	1.5
UK Equities	3.0	UK Equities	6.3	UK Equities	8.5	UK Equities	10.8	UK Equities	13.0	UK Equities	15.5
Global Equities (ex UK)	13.5	Global Equities (ex UK)	24.5	Global Equities (ex UK)	32.8	Global Equities (ex UK)	41.3	Global Equities (ex UK)	49.0	Global Equities (ex UK)	57.3
Emerging Markets Equities	1.5	Emerging Markets Equities	3.0	Emerging Markets Equities	4.0	Emerging Markets Equities	5.3	Emerging Markets Equities	6.3	Emerging Markets Equities	7.3
Global Property	1.3	Global Property	1.5	Global Property	2.0	Global Property	2.3	Global Property	2.5	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	0.0	Hedge Funds	0.0
Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0	Commodities	0.0
Global Infrastructure	1.8	Global Infrastructure	2.3	Global Infrastructure	2.8	Global Infrastructure	3.0	Global Infrastructure	3.3	Global Infrastructure	3.5
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)	43.5	Global Bonds (ex UK)	35.8	Global Bonds (ex UK)	29.0	Global Bonds (ex UK)	22.0	Global Bonds (ex UK)	15.0	Global Bonds (ex UK)	6.8

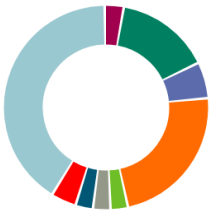
M&G MPS Global ESG Themes 1 (T-MP1)	M&G MPS Global ESG Themes 2 (T-MP2)	M&G MPS Global ESG Themes 3 (T-MP3)	M&G MPS Global ESG Themes 4 (T-MP4)	M&G MPS Global ESG Themes 5 (T-MP5)

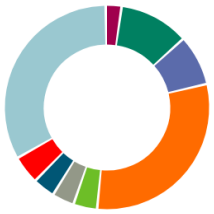
Risk

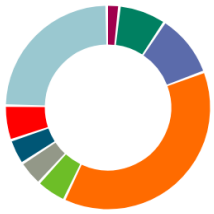
Tactical Asset Allocation

Synaptic Risk Rating 2.4 1-5	Synaptic Risk Rating 2.8 1-5	Synaptic Risk Rating 3.1 1-5	Synaptic Risk Rating 3.5 1-5	Synaptic Risk Rating 4.0 1-5
Moderately Cautious	Moderately Cautious	Balanced	Balanced	Moderately Adventurous
Max gain 22.53%	Max gain 24.00%	Max gain 26.16%	Max gain 27.97%	Max gain 30.39%
Ave gain 6.04%	Ave gain 6.56%	Ave gain 6.86%	Ave gain 7.19%	Ave gain 7.53%
Min gain -8.68%	Min gain -10.65%	Min gain -12.28%	Min gain -14.04%	Min gain -16.65%

Asset Allocation breakdown







Key		Tactical (OUTER)
%		
	Cash	5.0
	UK Corporate Bonds	21.0
	UK Govt Bonds	0.0
	UK Equities	2.5
	Global Equities (ex UK)	11.3
	Emerging Markets Equities	1.3
	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)	51.0

Key		Tactical (OUTER)
%		
	Cash	3.0
	UK Corporate Bonds	15.0
	UK Govt Bonds	0.0
	UK Equities	5.8
	Global Equities (ex UK)	23.0
	Emerging Markets Equities	2.8
	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)	41.0

Key		Tactical (OUTER)
%		
	Cash	2.5
	UK Corporate Bonds	11.0
	UK Govt Bonds	0.0
	UK Equities	8.0
	Global Equities (ex UK)	30.3
	Emerging Markets Equities	3.8
	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)	33.0

Key		Tactical (OUTER)
%		
	Cash	2.0
	UK Corporate Bonds	7.5
	UK Govt Bonds	0.0
	UK Equities	10.0
	Global Equities (ex UK)	37.8
	Emerging Markets Equities	4.8
	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)	24.5

Key		Tactical (OUTER)
%		
	Cash	2.0
	UK Corporate Bonds	4.8
	UK Govt Bonds	0.0
	UK Equities	12.3
	Global Equities (ex UK)	45.5
	Emerging Markets Equities	5.8
	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)	14.8