

This is just for UK advisers – it's not for use with clients.

## **Suitability Report Paragraphs for M&G Wealth Investments Model Portfolio Service (MPS)**

These paragraphs are designed to help you prepare your suitability report for your client. They're not intended to form the full content of the suitability report. It is your responsibility to ensure that the report includes your client's demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product has.

Please note that if you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure that accuracy of the following information, M&G can accept no liability if you decide to use it.

### **M&G Wealth Investments MPS Overview**

M&G Wealth Investments is part of M&G plc. M&G plc's purpose is to help people manage and grow their savings and investments, responsibly.

The M&G Wealth Investments MPS (Model Portfolio Service) offers three different investment styles: Passive, Hybrid and Global ESG Themes. The portfolios are designed for investors who want a diversified mix of asset classes and regions.

To build and manage the portfolios, we leverage M&G plc's investment capabilities in investing, asset allocation, fund research, and portfolio management.

### **M&G Wealth Investment MPS – key features summary**

- **Size, scale and financial strength** - M&G Wealth Investments is part of M&G plc, one of the UK's leading savings and investment companies, with £344 billion of assets under management (as at 31 March 2023). As at September 2021, M&G plc's financial strength is rated A+ by Standard & Poor's (outlook 'stable'), Aa3 by Moody's (outlook 'stable') and AA- by Fitch. Its Solvency II coverage ratio is 199%. We aim to leverage the knowledge, experience and buying power of M&G plc to deliver good outcomes for clients.
- **A range of portfolios and risk profiles to suit clients' needs** - A choice of actively managed multi-asset portfolios, each with their own risk profile, enabling advisers to use an investment strategy that suits the client's attitude to risk and reward. We offer passive, hybrid and ESG Themes ranges.
- **Investment expertise and resource** - The model portfolios will draw on M&G plc's expertise in asset allocation, manager research and investment risk oversight. These resources are used as inputs for a dedicated M&G Wealth investments team to build portfolios specifically for the MPS market.
- **Global reach** - Access to the expertise of other M&G plc investment companies, such as M&G Investments and a global network of contacts at high quality external investment companies.

- **Diversified strategy** - We invest in multiple asset classes and regions. We believe diversified portfolios will have a better chance of delivering in difficult markets.
- **Robust risk management** - We have risk limits in place for the level of volatility and how much we can tactically deviate from the strategic asset allocation. Our portfolios are also reviewed on a regular basis by an independent risk team.
- **Longevity of process** - The strategic asset allocation process developed by the M&G Treasury and Investment Office has been in place for nearly 20 years and is used by the M&G Wealth Investments Model Portfolio.
- **Operational infrastructure** - Investment teams are supported by experienced operations, compliance and risk monitoring teams.
- **Robust fund research** - We leverage the expertise of the M&G Treasury and Investment Office Manager Oversight team. M&G plc's scale gives us access to all aspects of a fund manager's business. With more information, we are better able to evaluate if what fund managers say is really what they do.
- **Costs and Value** – We believe our MPS ranges represent excellent value, particularly given the quality of the proposition. Our investment management fee is one of the most competitive in the market at 0.15% across all ranges and within each range we aim to keep the underlying fund costs (OCFs) as competitive as possible. All of our portfolios scored a 'Good' rating in their Consumer Duty Service Value Assessments.
- **Transparency** – all of our communications, documents, factsheets, performance data, investment views and holdings are freely available on our website. Our investment team is visible and accessible, which we believe drives a culture of trust and accountability.
- **Platform availability** – We are currently available on M&G Wealth Platform, Aegon Platform, Aegon Retirement Choices (ARC), Abrdn Wrap, Aviva, Fidelity, Novia, Nucleus, Quilter, Scottish Widows (formerly Embark and Advance by Embark) and Transact. Our approach is to extend availability based on adviser demand.

### Our MPS ranges in more detail

- **Hybrid** - The investment objective is to achieve a total return (the combination of income and growth of capital) by investing in a mix of assets from around the world, whilst aiming to limit the average volatility per annum over rolling five-year periods.  
The portfolios are invested in passive and active funds. Actively managed investment funds predominantly employ fundamental investment analysis to achieve their objectives. Passively managed investment funds typically track a market index or specific area of the market. M&G Wealth Investments determines which passive and active funds are used, taking into account the potential to generate returns and fund costs.  
The majority of the portfolio is invested in funds that hold equities and bonds from specific regions, such as a US equity fund or European corporate bond fund. This means the active fund managers used within the portfolio are focused on selecting companies within a specific country or region.

- **Passive** - The investment objective is to achieve a total return (the combination of income and growth of capital) by investing in a mix of assets from around the world, whilst aiming to limit the average volatility per annum over rolling five-year periods.

The portfolio gives exposure to equity markets through a diversified range of investments. The portfolios are predominantly invested in passive funds. These funds typically track a market index or specific area of the market.

The majority of the portfolio is invested in funds that hold equities and bonds from specific regions, such as a US equity fund or European corporate bond fund.
- **Global ESG Themes** – The investment objective is to achieve a total return (the combination of income and growth of capital) by investing in a mix of assets from around the world, whilst aiming to limit the average volatility per annum over rolling five-year periods. The portfolio gives exposure to equity markets through a diversified range of investments.

The majority of the portfolio will be invested in actively managed investment funds, which predominantly employ fundamental investment analysis to achieve their objectives.

The portfolios also aim to deliver positive environmental and societal outcomes in addition to financial returns. They do this by investing in funds that use these approaches:

  - Minimising negative outcomes through exclusions of companies involved in certain activities
  - Minimising Environmental, Social and Governance (ESG) risks by managing exposure to companies with worse ESG characteristics
  - Pursuing opportunities by identifying companies/securities that display better ESG characteristics than their peers
  - Investing in companies that provide solutions to specific environmental or societal issues, particularly for underserved groups or stakeholders.

The majority of the portfolio is invested in funds that hold global equities and global bonds, rather than focusing on a specific geographic region. This gives the fund managers a wider set of investment opportunities.

#### **Risks associated with the model Portfolio Service**

Investing money can be rewarding but its not without risks. The value of an investment can go down as well as up and your client may get back less than they've paid in.