progeny Asset Management

MGTS Progeny ProFolio Model

A range of multi-asset funds designed with global market exposure and a UK bias for UK investors.

Progeny Asset Management Ltd is authorised and regulated by the Financial Conduct Authority.

This document is directed at professional advisers and should not be relied upon by retail investors. The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

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Why should you consider our ProFolio Model funds?

Our ProFolio range of funds combine a diversified asset mix, giving you access to thousands of equities and bonds in a single investment as well as other asset classes. This helps reduce risk by spreading your investments and provides agility to market conditions.

Progeny Asset Management are an award-winning team that have been building investment solutions together for over a decade.

What we do for you

We're here to show that there's a better way to invest and make the most of balancing risk and return.

All our solutions are designed for clients who want to hand over the day-to-day management of their investments. We work alongside advisers to choose the right portfolios and services that are matched to client suitability.

Our experienced team understand the importance of bringing professionals together to achieve the best outcomes and have used this to create products that have a focus on both performance and costs.

Too many investors pay for poor investment performance and sub-standard service. We have developed our innovative offering by being agile and responsive to clients' needs, alongside the uncertainty of market conditions.

Matched using our selected risk profiling tool our solutions ensure that the most appropriate portfolio is chosen to meet investors objectives, considering capacity for loss and financial goals.

Progeny Asset Management are direct fund managers with access to institutional trading and the entire investment market.

Our ProFolio funds use a tactical approach, which means our investment team manage portfolio positions without being tethered to a benchmark that could have uncompensated risks.

This brochure will help explain the objectives, processes and differences between the ProFolio Model fund range that is comprised of three risk rated solutions.

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Investment Objective of the ProFolio Model Range

The objective of each fund is to provide capital growth with the potential for income.

Equities typically give you a higher return over the long run but are riskier, whereas bonds are more stable but offer lower potential returns. Having a mix of both helps balance risk and reward. The funds also include alternative assets like property, infrastructure, indirect foreign currency exposure and commodities which rely less on broad market trends and more on the strength of each specific investment.

This provides greater diversification and may reduce volatility.

The structure of ProFolio Model provides efficient trading with a broadly diversified multi-asset mix within a single fund.

Unlike portfolios that use separate funds for equities and bonds that are combined to achieve suitable risk profiles, ProFolio is a complete solution.

The range provides frictionless trading and a greater use of tactical management to rebalance against market conditions. This agility is achieved within the fund which means trading any underlying assets is not subject to Capital Gains Tax.

Using this type of investment structure also reduces the discrepancy between the expected price of a trade and the price at which the trade is executed.

Built specifically for UK investors, the ProFolio Model fund range has a UK biased asset allocation and uses a methodical investment process based around global market indices.

Key Fund Facts

SIPP, Offshore Bond & ISA - Ready

Entry Charge - None

Exit Charge - None

Launched - 1 January 2023

Investment Structure - UCITS

Investment Strategy - Tactical

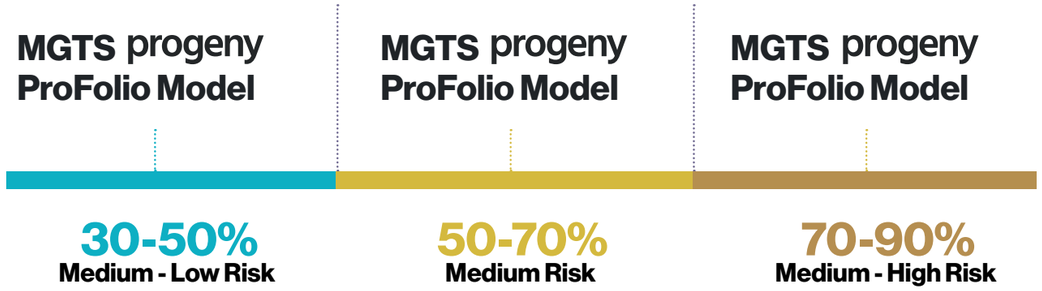
Asset Class - Balanced

Investment Manager - Progeny Asset Management (PAM)

Asset Allocation

The ProFolio Model range is a multi-asset class range of funds, within a single solution, that each have a different risk profile based on their allocation to shares

Each fund is a global portfolio which provides a range of asset classes across any economic sector and geographic area with exposure to shares that can vary between:



Exposure may also be to any geographic area but may provide a high level of exposure to UK assets or to returns generated in sterling or Great British Pounds (GBP). The actual allocation will be based on long term expectations and may change without notice.

The allocations will use alternative investment strategies at times. This may include property, infrastructure, or absolute return funds. Where the underlying exposure of the asset is to shares e.g., underlying Investment Trusts or REITs then the exposure will be classed as part of the share allocation. If the strategy provides defined returns or high levels of diversification to shares, then it may be classed outside of the share allocation e.g., direct property, uncorrelated asset classes.

Market exposures will be based on our long-term asset class expectations (1-2 years), complemented by tactical allocations for shorter-term advantages (6-12 months), which may change without notice. The optimised allocation is adjusted by the investment team's tactical views, allowing allocation changes from the optimised strategy, which is reviewed on an ongoing basis.

The ProFolio Model range is competitively priced within the multi-asset peer group. As a direct fund manager, PAM has access to better terms than other retail fund managers, such as institutional OCF's and fund rebates.

Investment Choices & Charges

This range is available on many retail platforms in GBP and accumulation units only.

OCF – 0.90%

What it is

- ✓ Multi-discipline approach to asset allocation
- ✓ UK biased
- ✓ Competitively priced
- ✓ Highly diversified within a single solution
- ✓ Self-rebalancing and trading efficient

What it is not

- × A closet tracker
- × Passive
- × A DFM led solution
- × Style specific
- × Emotion-led fund picking

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Investment Philosophy and Beliefs:

Our five principles for investing

Principle 1: Get the asset mix right

We start with getting the asset apportionment fine-tuned across our funds. The choice and adherence to our long-term investment policy and asset allocation, is the core driver of portfolio returns and therefore risk. Choosing the right mix, over the right time and for the right risk appetite, is the best means to deliver expected returns.

Principle 2: Diversify broadly

The next important step is to ensure that an investor is not overly exposed to one sector/fund/geography because the only certainty in financial markets is their uncertainty. Taking an approach that doesn't chase trends means investors take advantage, wherever they can, of the diversification benefits on offer. We believe that owning a well-diversified portfolio is critical to long term portfolio success and is a method of taking an element of control over market changes that are essentially uncontrollable, such as natural disasters, wars, political changes etc.

Principle 3: Manage financial costs

Investors are often unaware of the effects ongoing and compounding fees have on returns and the severe deductions over the long-term. These include the effects of inflation on purchasing power; the cost of tax; and the significant 'all-in' cost of investing (e.g. ongoing charges and turnover costs). Controlling costs within the fund has significant benefits, especially given the multiplying effects over the lifetime of an investment.

Principle 4: Control emotions

Behavioural finance studies have revealed that investors suffer a number of wealth damaging psychological preconceptions and biases.

The emotional impacts of regret, pride, greed and panic tend to result in trying to guess market timing and the excessive taking or avoidance of risk. Poor investment behaviour is likely to have a negative effect on investment returns. We take the emotion out and base decisions on quantitative analysis rather than making behavioural choices.

Principle 5: Rebalance the portfolio

Rebalancing is where a portfolio is brought back to its originally designed asset allocation when market performance has caused it to change. The purpose of rebalancing is to control risk, and to ensure that investors are not exposed to more risk than they agreed. Rebalancing can be achieved either by buying and selling funds, or by directing new money into the right asset to achieve the original balance.

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Progeny Asset Management is independent and impartial; which means we are not tied to any fund manager, bank or insurance company.

Progeny Asset Management deliver an investment proposition that is genuinely unbiased across a broad range of solutions.

These are built on the foundations of our Investment Principles. Using these building blocks, we're able to offer clients a wide range of investment strategies which are risk-rated and provide a style-agnostic approach.

Our goal is to provide investors with a smoother investment journey.

Our Investment Committees comprise of an expert panel of investment professionals who set the strategic approach which we adopt to investing.

A quantitative process is at the heart of what we do. Not only does it filter the investment world down to a manageable level of choices, but importantly it also strips out the emotional bias which often hinders performance.

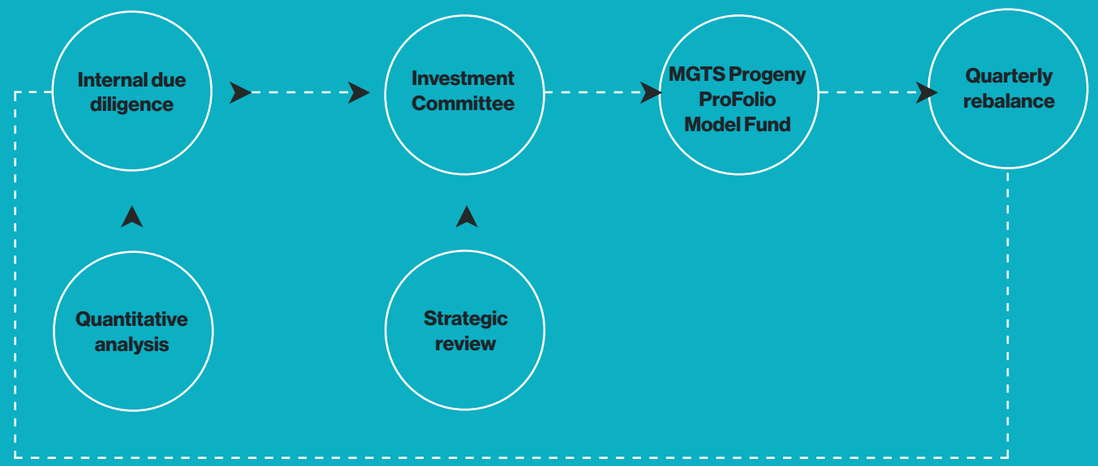
Our investment research covers all major asset classes, spanning all regions of the world and we seek funds with the underlying principles of balancing risk, reward and cost.

We recognise that minimising costs in the client's investment programme can have significant benefits, especially given the multiplying effects of compounding. A pound of costs saved is no different to a pound of market performance in monetary terms, yet it is more valuable due to its consistency over time and having been achieved without taking any risk.

One of the key benefits of our investment approach is that we are able to leverage our institutional buying power to provide funds at a fair value to clients. The costs of these funds are thus generally lower than similar products in the market. Our ProFolio range is rebalanced quarterly to support consistency of performance and to keep the portfolios in line with clients' attitude to risk.

Within all of our funds we adhere to our five core investment principles.

Robust, repeatable investment process



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The ProFolio Model Range

This section illustrates the asset allocation of each model

The value of investments and any income from them can fall as well as rise and clients may get back less than they invested. Past performance is not a guide to future performance. No investment is suitable in all cases and if they have any doubts as to an investment's suitability, then they should contact a professional adviser. If they invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying assets, thus increasing the risks.

MGTS progeny ProFolio Model 30-50%

Investment Objective

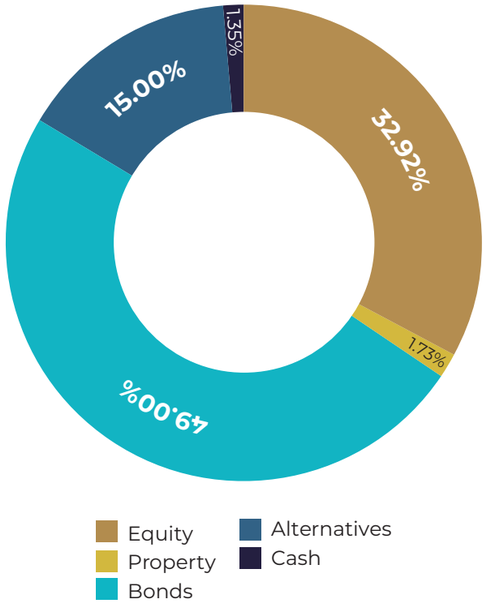
The objective of the fund is to provide capital growth, with the potential for income, over any 4-year period.

Equity	
European Equity	2.43%
Japanese Equity	2.43%
UK Equity	10.05%
Emerging Market Equity	3.81%
Asia Pacific Equity	2.77%
US Equity	11.43%
Property	
Property	1.73%
Bonds	
Sterling Corporate Bonds	15.00%
Inflation Linked Bonds	7.50%
Global Corporate Bonds	8.75%
Global Government Bonds	8.75%
UK Government Bonds	7.50%
High Yield Bonds	1.50%
Alternatives	
Absolute Return	4.50%
Structured Products	5.25%
Infrastructure	5.25%
Cash	
Cash	1.35%

Profile

The ProFolio Model range is a multi-asset class range of funds, with an allocations of shares and bonds with some asset range flexibility. Each sub-fund is a global portfolio which provides exposure to a range of asset classes across any economic sector and geographic area, with exposure to shares that can vary between 30-50%.

Exposure to shares may be to any economic sector and geographical area. It is expected under normal circumstances that UK shares (defined as domiciled, incorporated or carrying out a significant part of their business in the UK) will represent a greater proportion of the shares than the UK stock market's proportion of the global stock market. Exposure will be based on long-term expectations and may change without notice.



The allocation will use alternative investment strategies at times. This may include property, infrastructure, or absolute return funds. Where the underlying exposure of the asset is to shares e.g., underlying ITs or REITs then the exposure will be classed as part of the share allocation. If the strategy provides defined returns or high levels of diversification to shares, then it may be classed outside of the share allocation e.g., direct property, uncorrelated asset classes. Above is based on broad based global index for shares, factoring in the long-term historic UK bias and positions from the Dynamic investment process. Soft allocation bands of +10% on geographical allocation, with lower minimums to allow for a UK factor bias. UK has a higher upper limit to allow for a UK bias factor. Soft limits are expected to limit the level of active management to maintain the methodological process as per the IPD. The above provides greater flexibility to account for the evolution of markets through time. Allocations are reflective of share allocation only, with the allocation to bonds potentially up to 100% GBP or GBP hedged.

MGTS progeny ProFolio Model 50-70%

Investment Objective

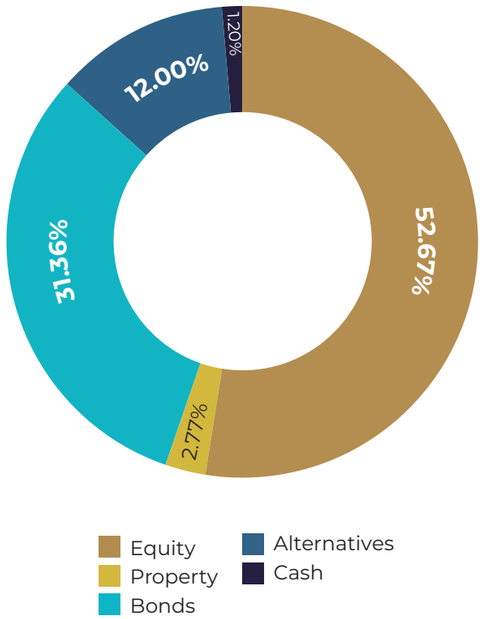
The objective of the fund is to provide capital growth, with the potential for income, over any 5-year period.

Profile

The ProFolio Model range is a multi-asset class range of funds, with an allocations of shares and bonds with some asset range. Each sub-fund is a global portfolio which provides exposure to a range of asset classes across any economic sector and geographic area with exposure to shares that can vary between 50-70%.

Exposure to shares may be to any economic sector and geographical area. It is expected under normal circumstances that UK shares (defined as domiciled, incorporated or carrying out a significant part of their business in the UK) will represent a greater proportion of the shares than the UK stock market's proportion of the global stock market. Exposure will be based on long-term expectations and may change without notice.

Equity	
European Equity	3.88%
Japanese Equity	3.88%
UK Equity	16.08%
Emerging Market Equity	6.10%
Asia Pacific Equity	4.44%
US Equity	18.30%
Property	
Property	2.76%
Bonds	
Sterling Corporate Bonds	9.60%
Inflation Linked Bonds	4.80%
Global Corporate Bonds	5.60%
Global Government Bonds	5.60%
UK Government Bonds	4.80%
High Yield Bonds	0.96%
Alternatives	
Absolute Return	3.60%
Structured Products	4.20%
Infrastructure	4.20%
Cash	
Cash	1.20%



The allocation will use alternative investment strategies at times. This may include property, infrastructure, or absolute return funds. Where the underlying exposure of the asset is to shares e.g., underlying ITs or REITs then the exposure will be classed as part of the share allocation. If the strategy provides defined returns or high levels of diversification to shares, then it may be classed outside of the share allocation e.g., direct property, uncorrelated asset classes. Above is based on broad based global index for shares, factoring in the long-term historic UK bias and positions from the Dynamic investment process. Soft allocation bands of +10% on geographical allocation, with lower minimums to allow for a UK factor bias. UK has a higher upper limit to allow for a UK bias factor. Soft limits are expected to limit the level of active management to maintain the methodological process as per the IPD. The above provides greater flexibility to account for the evolution of markets through time. Allocations are reflective of share allocation only, with the allocation to bonds potentially up to 100% GBP or GBP hedged.

MGTS progeny ProFolio Model 70-90%

Investment Objective

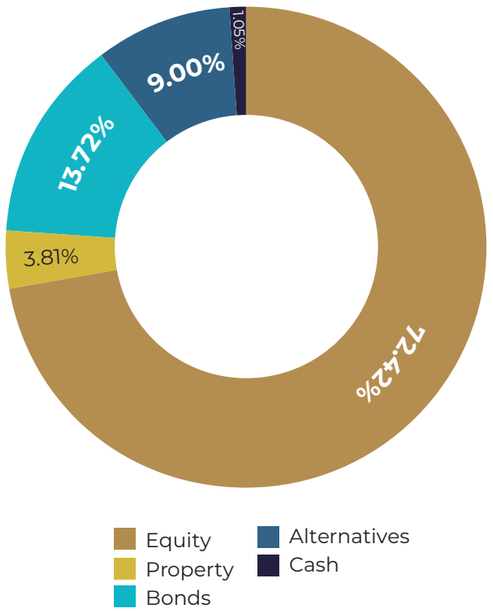
The objective of the fund is to provide capital growth, with the potential for income, over any 6-year period.

Profile

The ProFolio Model range is a multi-asset class range of funds, with an allocations of shares and bonds with some asset range. Each sub-fund is a global portfolio which provides exposure to a range of asset classes across any economic sector and geographic area with exposure to shares that can vary between 70-90%.

Exposure to shares may be to any economic sector and geographical area. It is expected under normal circumstances that UK shares (defined as domiciled, incorporated or carrying out a significant part of their business in the UK) will represent a greater proportion of the shares than the UK stock market's proportion of the global stock market. Exposure will be based on long-term expectations and may change without notice.

Equity	
European Equity	5.34%
Japanese Equity	5.34%
UK Equity	22.11%
Emerging Market Equity	8.39%
Asia Pacific Equity	6.10%
US Equity	25.16%
Property	
Property	3.79%
Bonds	
Sterling Corporate Bonds	4.20%
Inflation Linked Bonds	2.10%
Global Corporate Bonds	2.45%
Global Government Bonds	2.45%
UK Government Bonds	2.10%
High Yield Bonds	0.42%
Alternatives	
Absolute Return	2.70%
Structured Products	3.15%
Infrastructure	3.15%
Cash	
Cash	1.05%



The allocation will use alternative investment strategies at times. This may include property, infrastructure, or absolute return funds. Where the underlying exposure of the asset is to shares e.g., underlying ITs or REITs then the exposure will be classed as part of the share allocation. If the strategy provides defined returns or high levels of diversification to shares, then it may be classed outside of the share allocation e.g., direct property, uncorrelated asset classes. Above is based on broad based global index for shares, factoring in the long-term historic UK bias and positions from the Dynamic investment process. Soft allocation bands of +10% on geographical allocation, with lower minimums to allow for a UK factor bias. UK has a higher upper limit to allow for a UK bias factor. Soft limits are expected to limit the level of active management to maintain the methodological process as per the IPD. The above provides greater flexibility to account for the evolution of markets through time. Allocations are reflective of share allocation only, with the allocation to bonds potentially up to 100% GBP or GBP hedged.

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This document is for educational purposes only and should not be used to make a decision about the suitability or otherwise of a specific investment strategy. No investment is suitable in all cases and if you have any doubts as to an investment's suitability, then you should contact a professional adviser and always read any attaching Prospectus or Key Investor Information Documents, both of which are available upon request.

Past performance is not a guide to future performance. The value of investments and any income from them can fall as well as rise and you may get back less than you invested. Exposure to various asset classes may include some assets that are considered to carry more risk. This means that the rise and fall in value could be greater than for lower risk investments or ay take longer to sell. In addition, the way in which these assets interact with each other may change through time causing higher or lower fluctuations of value. If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying assets, which could add to the rise and fall in the value of investments. The underlying collective investment schemes may also experience operational or credit issues, which could impact liquidity (the ability to sell) or capital value. Your capital is therefor always at risk.

The information contained within this document is subject to the UK regulation, legislation and tax regime, which is subject to change at any time. This document is therefore primarily targeted at consumers based in the UK.

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Leeds | London | Nottingham | Edinburgh

theprogenygroup.com | @theprogenygroup | +44 344 225 0660