


# MGTS PROGENY INCOME PORTFOLIO

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A range of actively managed funds, with a global asset allocation, designed to provide capital growth and steady income.

CONNECTED FINANCIAL THINKING



**PROGENY ASSET  
MANAGEMENT ARE AN  
AWARD WINNING TEAM  
THAT HAVE BEEN BUILDING  
INVESTMENT SOLUTIONS  
TOGETHER SINCE 2016**

## **WHY SHOULD YOU CONSIDER PROGENY ASSET MANAGEMENT?**

### **What do we do for you?**

Progeny Asset Management's (PAM) experience of managing evidence-based solutions, working in conjunction with specialist external consultants, has ensured that our solutions have evolved over time. We use objective insight to inform subjective decision making.

Our investment process is one of evolution, not revolution. Our investment strategy is designed to maximise returns through active decision-making. By adjusting the allocation of assets in response to market changes, we ensure a dynamic approach to investing. We focus on high-conviction funds, selecting investments that we believe have the strongest potential for success.

This approach allows us to make informed, strategic choices aimed at delivering better results.

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

As fund managers, we have access to institutional pricing and can review the entire investment market.

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

# OUR INVESTMENT PHILOSOPHY AND BELIEFS

**All of the solutions 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.**

## **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 managing 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 or geography because of the diversification benefits on offer. We believe that owning a well-diversified portfolio is critical to long-term portfolio success.

Diversification is a way to take an element of control over market changes that are essentially uncontrollable, such as: economic shocks, political regime changes, natural disasters, wars and geopolitics.

## **Principle 3: Manage 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 life-time 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 academic evidence 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.

## **Our five principles for investing**





# WHAT ARE THE MGTS PROGENY INCOME PROFOlio FUNDS, AND WHAT EVIDENCES UNDERPINS THIS SOLUTION?

**Based on our five principles of investing, getting the asset mix right is important.**

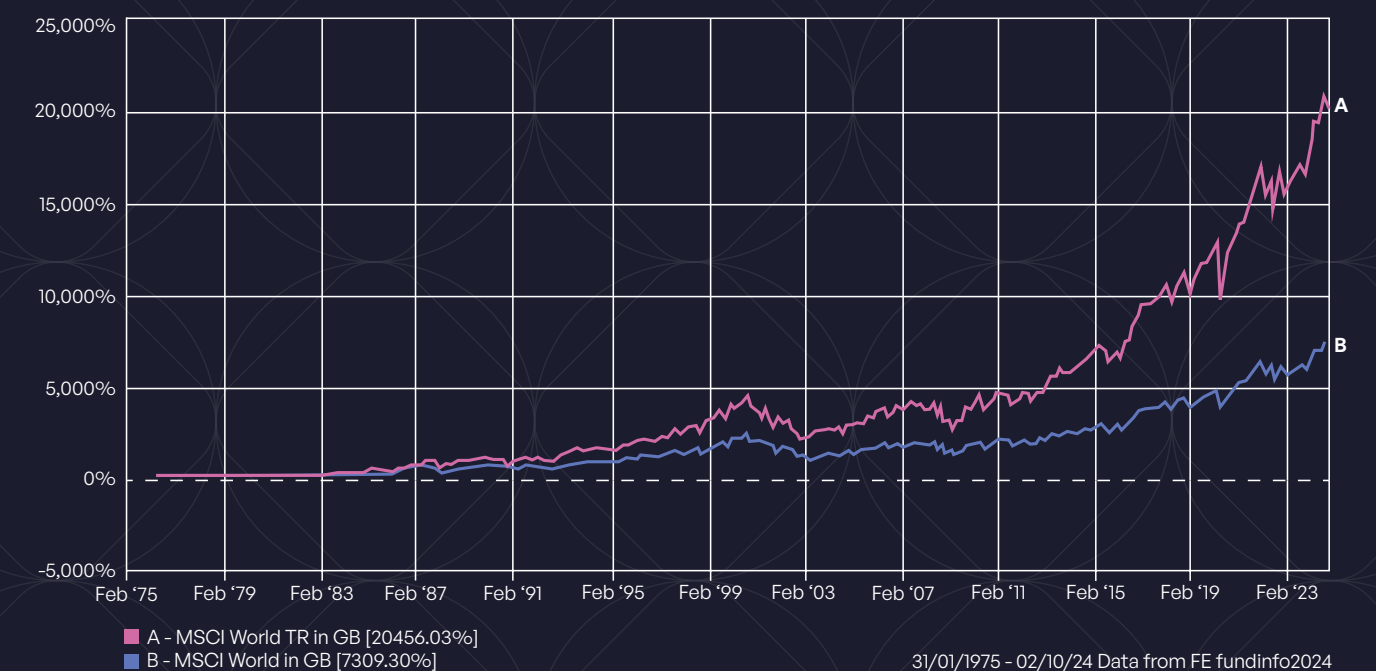
**The MGTS Progeny Income ProFolio range are globally diverse funds, which provide exposure to a range of asset classes across any economic sector and geographic areas.**

As actively managed funds, our managers aim to add value through strategic asset allocation and careful fund selection.

Our Income range focuses on funds which have a bias towards generating income achieving the overall income objective, whilst featuring some funds that are allocated within our other solutions to provide a well-rounded approach.

Our portfolio combines a mix of equities and high-quality bonds, including Corporate and Sovereign bonds, to provide a more stable and predictable return. Equities typically offer the potential for higher long-term growth compared to bonds. However, they come with more volatility and risk. A key benefit of investing in equities is dividends, which play a major role in driving long-term returns. The power of compounding, where dividends are reinvested to fuel further growth, is clearly demonstrated by the MSCI World Index Total Returns vs Price Return chart. This highlights how reinvesting dividends can significantly enhance capital growth over time.

**MSCI World Index Total Returns vs Price Return**



To further enhance diversification and income potential, we include alternative assets, which help balance the portfolio and offer additional income opportunities. For our Income strategies, this approach is especially valuable for investors who are in the early stages of decumulation, a time when protecting against market downturns is crucial.

The long-term asset allocation is built around the expected risk and return of each asset class. To adapt to shorter-term market conditions (12-18 months), we adjust the strategy with a tactical approach. This allows the funds to reflect our current market outlook, leveraging the expertise and experience of our fund managers.

**MGTS PROGENY INCOME PROFOlio 30-50 FUNDS\***

**EQUITY 35%  
BOND 53.50%  
ALTS 11.50%**

**MGTS PROGENY INCOME PROFOlio 50-70 INCOME\***

**EQUITY 56%  
BOND 35.50%  
ALTS 8.50%**

\*These are approximate due to market fluctuations



# WHO ARE THE FUNDS SUITABLE FOR?

**The MGTS Progeny Income ProFolio funds are ideal for retirees or those nearing retirement, as the range provides regular income with potentially lower exposure to market fluctuations. This makes them well-suited for those in the decumulation stage of their investment journey.**

For individuals seeking a balance between income and growth potential, the range offers two different risk approaches, each designed to help achieve both income and long-term growth objectives.



# WHY SHOULD YOU CONSIDER THE FUND?

**We understand that each investor has unique financial needs and goals. Our portfolios are designed not only for long-term growth but also to provide a steady income stream along the way, offering both diversification and the potential for consistent returns.**

These funds use a tactical approach to asset allocation, with our experienced fund managers actively managing investments and making strategic decisions to help the fund perform at their best.

We have chosen to work with Margetts (MGTS) as our Authorised Corporate Director (ACD) due to their wealth of experience within the complex regulatory landscape of fund management. This allows our fund managers to focus on the management of the investment and gives confidence that the funds are managed professionally and responsibly.

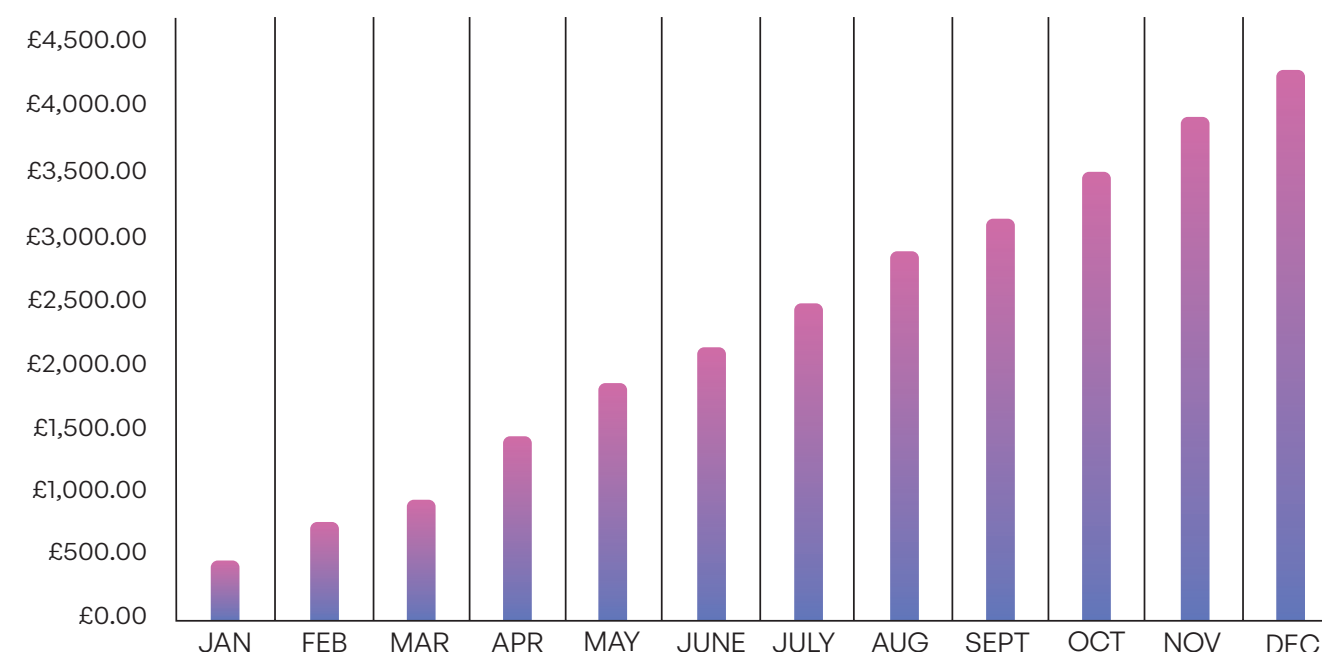
Matched using our selected risk profiling tool, this fund range ensures investors have a range of risk-rated options to suit their needs and in the long-term, meet their financial goals.

The MGTS Progeny Income ProFolio range consist of two funds: MGTS Progeny Income ProFolio 30-50 and the MGTS Progeny Income ProFolio 50-70 - each corresponding to different levels of risk tolerance relating to total equity market exposure. Both solutions offer different levels of natural income but share the same yield expectation - which is to generate annual income of 1 - 1.50% above the allocation framework. Where the income exceeds the yield expectations, the additional amount will be retained to help support the months with lower income, therefore providing a steady income stream throughout the year.

These portfolios will distribute the natural income generated by the funds at various times throughout the year.

As a result, income payments may vary each month, depending on the underlying fund distributions. While we can't predict the exact amount for each month, the typical income distribution pattern for the year is shown below:

## Income Distribution Schedule - Cumulative



Source: Morningstar, FE Analytics and Progeny Calculations

These funds are available in GBP on various retail platforms, offering both accumulation and income units.

## Ongoing Charges Figure (OCF) - 0.74% to 0.77%.

Total annual fund costs and charges as a percentage of total annual funds. This is the charge published on the factsheet which is weighted across the other funds.

**For more information, please refer to our products ratecard.**

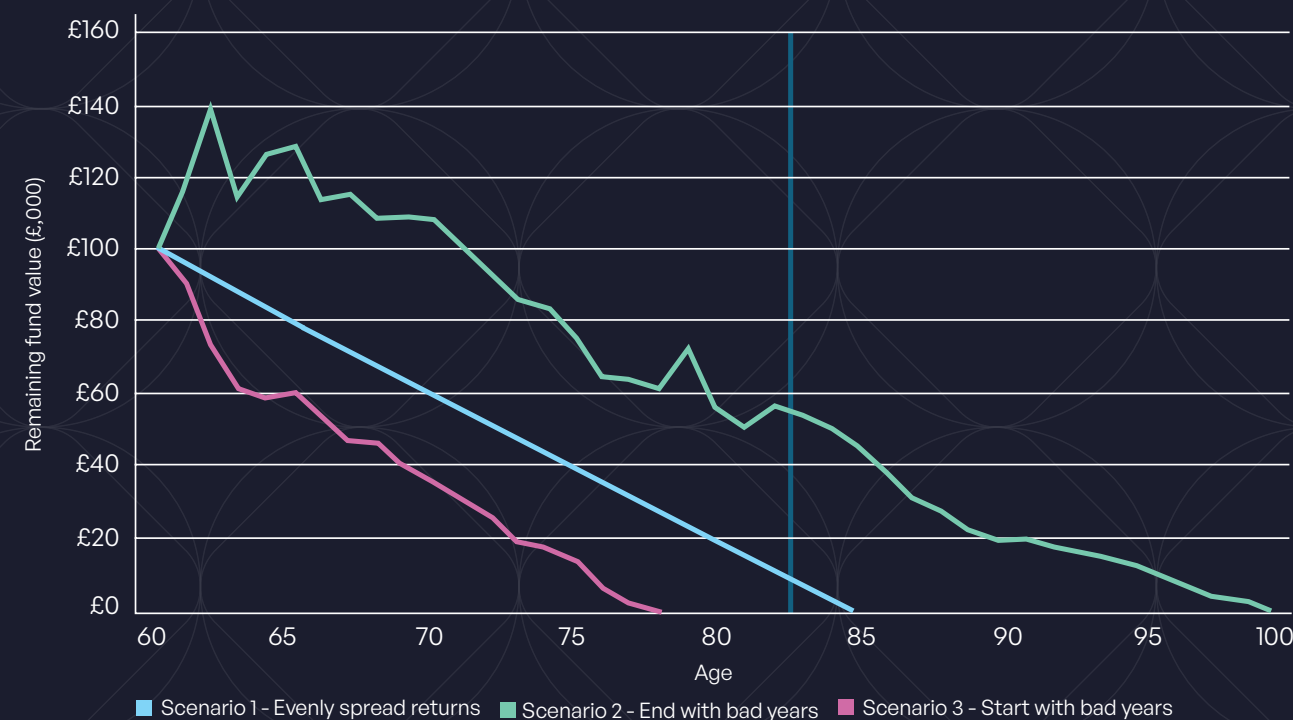
# WHY MIGHT AN INCOME STRATEGY BE MORE ADVANTAGEOUS THAN SELLING **UNITS?**

**Sequencing risk is an important consideration when selling down units to generate income, particularly during retirement.**

Sequence risk is the danger that the timing of withdrawals from an investment account will have a negative impact on the overall rate of return available. If the market experiences a downturn early on, the investments may need to be sold at

a loss to meet the income requirements. This can reduce the value of the remaining portfolio, leaving less for future growth, as shown in scenario 3 in the chart below. In simple terms, poor market performance at critical times can deplete the value of the investments faster than expected, potentially impacting the long-term financial security. By taking natural income, the same number of units are retained in the investment, allowing them to continue growing.

## Remaining Fund Value After Taking Income



Source: Progeny Asset Management, 2025



**progeny**

ASSET  
MANAGEMENT



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