

MGTS Downing Active Defined Return Assets Fund

Monthly commentary

December saw continued inflows into the fund, with £10.7m added during the month, bringing assets under management to £165.1m. The portfolio remained active with new positions initiated across UK, US, and European markets, while opportunistically topping up existing positions. The portfolio maintained a high average static potential redemption yield, reflecting disciplined risk management at attractive entry points.

December saw global developed equity markets (DMs) deliver a mixed ending to the year. US markets experienced early gains in the month hitting all-time highs before retreating again to be near flat as AI valuations and mixed signals of the job market persisted. The UK was more robust with early positive performance being boosted by the lower-than-expected inflation print and prospects for interest cuts moving into 2026, ending up 2% on the month. European equities similarly continued their strong performance from November with both the Euro Stoxx 50 and Swiss Market posting 2.32% and 3.62% respectively. In Asia, Japan continued to consolidate after recent strength ending flat on the month, and Hong Kong remained pressured by property-sector concerns and negative consumer confidence in mainland China, ending the month down 1.22%.

S&P 500 (SPX): +0.49% Russell 2000 (RTY): -0.01% FTSE 100 (UKX): +2.17% Euro Stoxx 50 (SX5E): +2.32% Swiss Market Index (SMI): +3.62% Nikkei 225 (NKY): +0.04% Hang Seng Index (HSI): -1.22%

The VIX trended down over the month opening at 18.05% and closing at 14.95% and only briefly hitting a high of 18.33% on the 1st of the month reflecting the general lacklustre December for the US markets.

Fund overview

Over the month the fund returned +1.13p.

The Fund continues to perform as expected, offering resilience to broader equity falls due to maintaining a 42.95% cover-to-capital-loss, whilst continuing to lean into the sporadic volatility to actively manage the convexity of the options. The portfolio has a money weighted coupon of 9.08% with 100% of the EQD swaps in-the-money. The fund is fully at scale and well positioned going into the new year, we remain focused on harvesting strong risk-managed returns, as the portfolio matures further with the oldest positions expected to call as the fund reaches its first anniversary.

Past performance is not a reliable indicator of future performance.

Key facts

As at 31 December 2025

Managers:

Huw Price, Paul Adams

Launch date: 3 February 2025

Fund type: UK UCITS

Fund size: £165.1m

Share classes:

F-class (Acc):

Minimum Investment: £50m

OCF: 0.35%

NAV: 105.64p

ISIN: GB00BM8J6150

SEDOL: BM8J615

I-class (Acc):

Minimum Investment: £100k

OCF: 0.60%

NAV: 105.39 p

ISIN: GB00BM8J6044

SEDOL: BM8J604

Currency: GBP

Dealing: Daily

Comparator index:

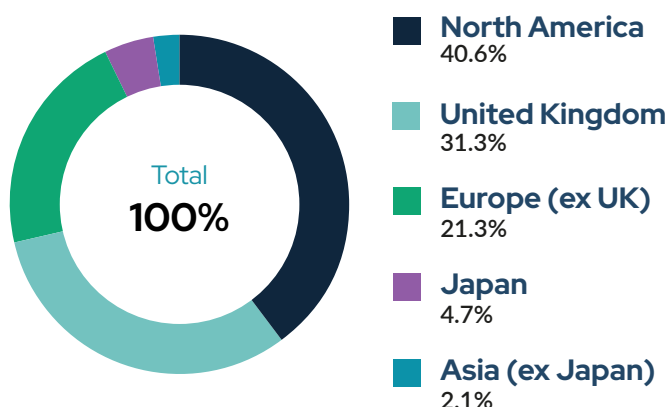
50% Solactive UK Large Cap (ex

IT) NTR Index; 50% Solactive GBS

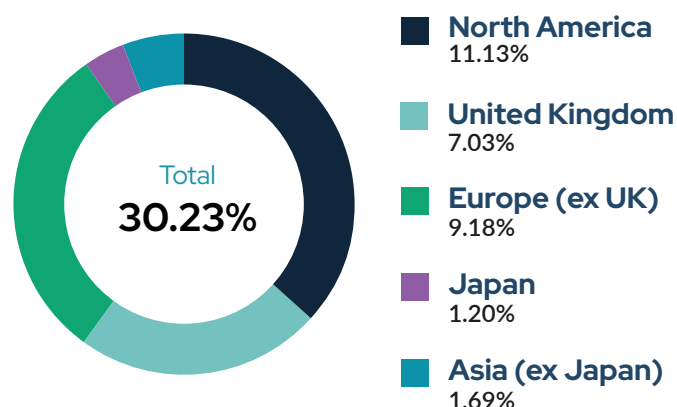
Developed Markets (ex UK) NTR Index

IA sector: Specialist

Equity market exposures



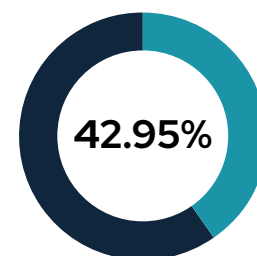
Equity market exposures (Delta)



Credit risk



Average cover to capital loss



Top 10 holdings

Holdings	Market Exposure	Defined Return ¹	Weighting
Gilt-Backed Autocall	US/EU	8.58%	4.56%
Gilt-Backed Autocall	UK/EU	8.72%	4.40%
Gilt-Backed Autocall	UK/EU/US	9.78%	4.16%
Gilt-Backed Autocall	UK/US	8.50%	4.14%
Gilt-Backed Autocall	UK/US	8.13%	4.05%
Gilt-Backed Autocall	EU/JPN	10.40%	3.52%
Gilt-Backed Autocall	UK/US	8.56%	3.41%
Gilt-Backed Autocall	UK/US	8.95%	3.38%
Gilt-Backed Autocall	UK/US	8.65%	3.23%
Gilt-Backed Autocall	US/EU	9.50%	3.22%

¹ Simple annual return.

Forward looking scenario analysis and intrinsic value

These scenarios are an estimate of future performance based on current equity and derivative market conditions in the portfolio composition and are subject to change. Actual performance depends on factors such as: how long you are invested and prevailing market conditions. The Fund aims to deliver long term consistent and predictable returns over a holding period of 5-6 years.

Market Move	-30%	-20%	-10%	0%	10%	20%	30%
3 months	-20.55%	-9.40%	-1.73%	1.78%	3.39%	4.16%	4.58%
1 Year	-17.08%	-5.30%	2.61%	7.03%	8.83%	9.41%	9.66%
2 Years	-12.49%	1.32%	10.02%	16.67%	17.11%	17.15%	16.99%
3 Years	-7.06%	8.53%	20.14%	26.95%	26.51%	26.14%	25.54%

Future performance may also be subject to changes in taxation. The value of investments can go down as well as up, and you may not get back the full amount invested.

Source: Downing at 31/12/2025. The Fund's actual return may differ from the scenarios shown above and are subject to daily price and portfolio composition movements.

Important Information For professional/informed investors only.

This document has been produced for information only and represents the views of the fund managers at the time of writing. It should not be construed as Investment Advice and does not constitute or form part of any offer or invitation to buy or sell shares. It should be read in conjunction with the Prospectus and Key investor information document (KIID). An investment decision should not be contemplated until the risks are fully considered and we recommend that you take investment advice. Capital at risk. The value of investments can fall as well as rise. You may get back less than you invested. Downing LLP is authorised and regulated by the Financial Conduct Authority (Reference No. 545025). Registered in England and Wales (No. OC341575). Registered Office: 10 Lower Thames Street London EC3R 6AF.

Risk Considerations

The following risk factors are relevant to the overall risk profile of the Sub-fund. A full description of risk warnings is provided in the prospectus, which is available on our website, or by requesting a copy. Risks associated with the use of derivatives (FDI) for investment purposes are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The use of FDI requires an understanding of both the underlying reference instrument and the FDI itself. There is no assurance that any derivative strategy used by a Fund will succeed and derivatives can lead to significant losses. Defined Return Strategies (DRS) can be complicated and not readily available. There may be times and market conditions where opportunities to invest in DRS are not present at a fair price. In addition, the value of DRS is more complicated than other FDIs and therefore there can be a higher level of price uncertainty or available liquidity. DRS are usually designed to provide some protection against falls in the underlying reference asset. This means that the price of the DRS will typically fall by less than the underlying asset in most circumstances. However, there may be times when barriers that provide protection are at a higher risk of being breached. When this occurs then there is a risk that DRS may fall faster, causing greater losses, than the underlying reference asset.