MGTS Downing Active Defined Return Assets Fund

Fund overview

The Fund's objective is to grow capital over any 6-year period at a rate of 8-10%+ annualised net of fees. It aims to do so by investing in a diversified portfolio of Gilts and global equity index autocallables. The Fund is actively managed to optimise the systematic returns available, focusing on the highest probability of generating the returns investors want, for the risks they are taking.

Commentary

July was a month of rotation away from AI/Tech names to more value-based sectors like energy and financials. In the latest round of earnings, headline beats no longer moved stocks, with big names being punished despite strong prints. In Japan, TOPIX (+0.21%) outperformed the tech-heavy Nikkei (-8%) due to its broader sector exposure. The UK's FTSE100 returned +3.5% across the month, outperforming most developed market counterparts, evidencing the outperformance of non-tech sectors. Bond yields were driven sharply higher through a further oil shock earlier in the month and hawkish central bank rhetoric.

The Fund responded well despite the mixed market backdrop, recording a gain of 0.85% across the month. The Fund remains 100% collateralised with UK Gilts, with an average maturity of just over six years. The Gilt portfolio is fully duration hedged, protecting the Fund from Gilt pricing swings, whilst generating a strong funding profile of SONIA +43 bps on average. The EQD performance continues to deliver, with six swaps maturing throughout the month, returning an average coupon of 9.01%. We added seven new swaps (average coupon of 10.43%) and topped up existing positions at yields materially above contracted coupons.

The Fund is well positioned to take advantage of market performance with a weighted defined returns coupon of 9.70% and will remain resilient to market downturns with risk metrics within target ranges. The current 'cover to capital loss' across the portfolio is 39.1% and the 'cover to final call barrier' is 28.4%.

S&P 500 (SPX): -0.13%; Russell 2000 (RTY): -3.08%; FTSE 100 (UKX): +3.53%; Euro Stoxx 50 (SX5E): +0.47%; Swiss Market Index (SMI): +1.07%; Nikkei 225 (NKY): -8.14%; Topix (TPX): +0.21%; Hang Seng Index (HSI): +13.13%.

The Fund continues to perform as expected, returning +0.85% in the month with excellent diversification and downside protection combined with a well-seasoned portfolio with some intrinsic value still to realise in the NAV. Performance is strong against its peer group* of Defined Return Funds over 1, 3, 6 and 12 months.

*Atlantic House Defined Returns Fund (B Class), Fortem Capital Progressive Growth Fund (A Class)

Key facts

As at 31 July 2026

Managers:
Paul Adams, Christopher Tutt

Launch date: 3 February 2025

Fund type: UK UCITS

Fund size: £200.8m

Share classes:

I-class (Acc):
Minimum Investment: £100k
OCF: 0.60%
NAV: 111.31p
ISIN: GB00BM8J6044
SEDOL: BM8J604

F-class (Acc):
Minimum Investment: £50m
OCF: 0.35%
NAV: 111.74p
ISIN: GB00BM8J6150
SEDOL: BM8J615

IA sector: Specialist

Currency: GBP

Dealing: Daily

Comparator index:
50% Solactive UK Large Cap (ex IT) NTR Index; 50% Solactive GBS Developed Markets (ex UK) NTR Index

Authorised Corporate Director:
Margetts Fund Management Limited

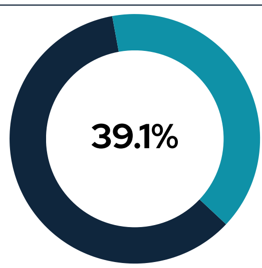
Fund performance

1 month	3 months	6 months	1 year
+0.85%	+3.44%	+4.79%	+9.74%

Source: Bloomberg to 31 July 2026 | The Fund's return target is 8-10%+ per annum in the current market.

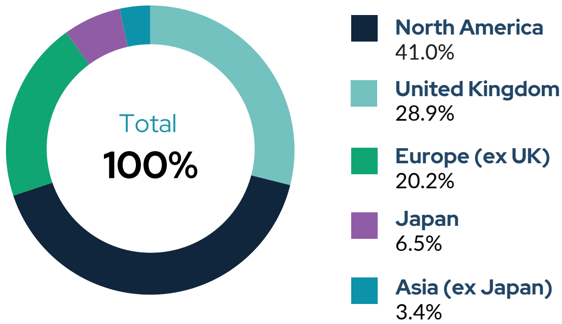
Credit risk

Average cover to capital loss

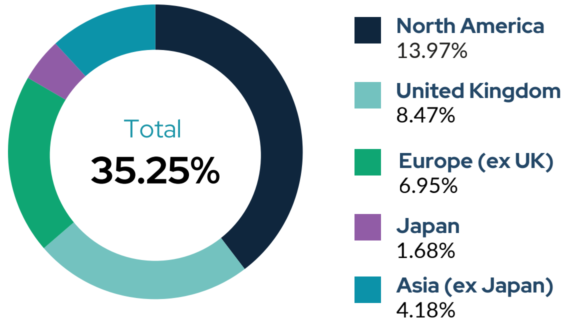


Past performance is not a reliable indicator of future performance. Capital is at risk.

Equity market exposures



Equity market exposures (Delta)



Top 10 holdings

Holdings	Market Exposure	Weighting	Defined Return[1]
Gilt-Backed Autocall	UK/US	4.65%	8.50%
Gilt-Backed Autocall	UK/EU/US	4.48%	9.60%
Gilt-Backed Autocall	US/EU	4.47%	9.20%
Gilt-Backed Autocall	UK/US	3.46%	8.36%
Gilt-Backed Autocall	UK/US	3.36%	8.71%
Gilt-Backed Autocall	UK/EU	3.08%	8.92%
Gilt-Backed Autocall	UK/US	3.05%	8.80%
Gilt-Backed Autocall	US/EU	3.02%	9.77%
Gilt-Backed Autocall	UK/EU	2.98%	8.75%
Gilt-Backed Autocall	US/ASIA	2.88%	11.18%

[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	-18.44%	-9.25%	-1.81%	1.79%	3.57%	4.60%	5.24%
1 Year	-15.46%	-5.64%	1.58%	6.71%	9.29%	9.79%	9.98%
2 Years	-12.28%	-0.99%	8.08%	16.62%	17.65%	17.90%	17.73%
3 Years	-6.68%	6.95%	19.10%	29.32%	29.76%	29.44%	29.32%

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 31/07/2026. 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.

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