MGTS Downing Active Defined Return Assets Fund

Monthly commentary

Despite market turbulence this month, the Fund performed well buffering downside moves experienced across global equity markets. The portfolio remains well positioned with excellent geographic, index level (strike) and time diversification. The EQD portfolio continued to deliver strong performance, with five EQD swaps (£20m) maturing in the month, delivering an average return of 8.96% for the Fund, and all swaps successfully maturing at the first call date.

The US/Iran conflict was the dominant theme during March, with most Equity indices entering correction territory, as Oil prices spiked driven by a shutdown of the Strait of Hormuz, halting 20% of global oil supply. Brent reached peaks of $119 per barrel, levels not seen since 2022, and thus long-term inflation projections have increased with the OECD forecasting UK inflation at 4% for 2026 revised up from 2.5%. The twin fears of high inflation and lower growth weighed on risk assets and saw cross-asset volatility at elevated levels. The VIX trended between 20-30 pts this month, led by the geopolitical tensions in the Middle East, with an intramonth peak at 35pts. The Fund responded well to the volatile markets as expected, sliding by 2.48% over the month relative to the FTSE (-6.73%) and the S&P 500 (-5.09%).

We utilised this volatility to reinvest proceeds selectively to existing positions, at yields materially above the contracted coupons. The Fund is well positioned as we potentially near a resolution to the US-Iran crisis, and the current NAV looks attractive with respect to any market recovery and a portfolio with average weighted, defined return coupons of 9.24%. The Equity swap portfolio remains resilient with risk metrics within target ranges, with an average “cover to capital loss” across the portfolio of 36.0% and a “cover to final call barrier” of 25.1%.

Given long-term effects on UK inflation arising from the conflict in the Middle East, two rate hikes from the BoE are now priced in by the market, a change from the projected cuts at the start of 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 from higher rates, whilst generating a strong funding profile of SONIA +43 bps on average.

S&P 500 (SPX): -5.09%; Russell 2000 (RTY): -5.17%; FTSE 100 (UKX): -6.73%; Euro Stoxx 50 (SX5E): -9.26%; Swiss Market Index (SMI): -8.83%; Nikkei 225 (NKY): -13.23%; Hang Seng Index (HSI): -6.92%.

Key facts

As at 31 March 2026

Managers:
Paul Adams, Huw Price

Launch date: 3 February 2025

Fund type: UK UCITS

Fund size: £167.2m

Share classes:

F-class (Acc):
Minimum Investment: £50m
OCF: 0.35%
NAV: 105.19p
ISIN: GB00BM8J6150
SEDOL: BM8J615

I-class (Acc):
Minimum Investment: £100k
OCF: 0.60%
NAV: 104.87p
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

Fund overview

Over the month The Fund returned -2.48% (to 1 April).

The Fund continues to perform as expected, with excellent diversification and downside protection combined with 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.

Fund performance

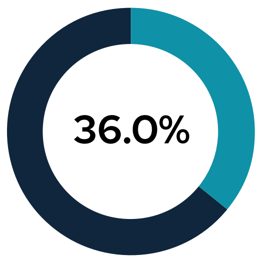
1 month	3 months	6 months	1 year
-2.48%	-0.43%	+1.82%	+7.11%

Source: Bloomberg to 1 April 2026 | The Fund’s return target is 8-10%+ per annum in the current market.

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

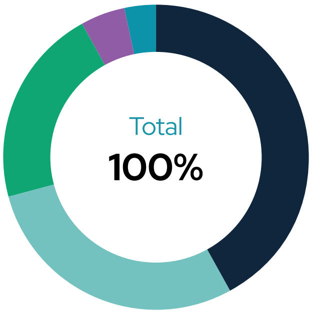
Credit risk

Average cover to capital loss



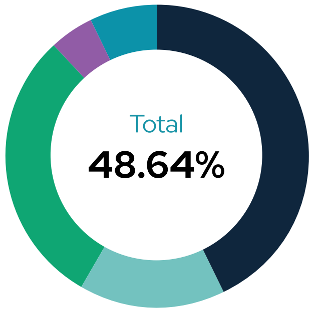
Downing

Equity market exposures



- North America 42.1%
- United Kingdom 28.9%
- Europe (ex UK) 20.9%
- Japan 4.8%
- Asia (ex Japan) 3.2%

Equity market exposures (Delta)



- North America 20.82%
- United Kingdom 7.57%
- Europe (ex UK) 14.57%
- Japan 2.28%
- Asia (ex Japan) 3.40%

Top 10 holdings

Holdings	Market Exposure	Weighting	Defined Return[1]
Gilt-Backed Autocall	UK/US	4.69%	8.50%
Gilt-Backed Autocall	US/EU	3.89%	9.20%
Gilt-Backed Autocall	UK/US	3.81%	8.56%
Gilt-Backed Autocall	UK/EU/US	3.46%	9.60%
Gilt-Backed Autocall	UK/US	3.38%	8.71%
Gilt-Backed Autocall	US/EU	3.37%	9.50%
Gilt-Backed Autocall	EU/JPN	3.34%	10.40%
Gilt-Backed Autocall	UK/US	3.26%	8.95%
Gilt-Backed Autocall	US/EU	3.21%	9.26%
Gilt-Backed Autocall	US/EU	3.20%	8.95%

[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	-23.62%	-12.40%	-4.12%	2.60%	5.61%	7.09%	7.87%
1 Year	-20.34%	-7.43%	2.53%	9.14%	13.83%	15.21%	15.86%
2 Years	-15.00%	0.12%	11.19%	22.12%	25.57%	26.51%	26.66%
3 Years	-8.95%	8.33%	22.58%	37.81%	39.85%	39.78%	39.87%

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 31/03/2026. 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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