

MGTS Downing Active Defined Return Assets Fund

Monthly commentary

October saw continued inflows to the fund with £10.75m over the month bringing the assets under management to £142.7m. The fund initiated several new positions across UK, US and Europe (including Switzerland), while opportunistically topping up existing holdings. We also took the opportunity to sell 3 EQD swaps early, as they priced over 40% above their linear accrual rate, allowing the fund to harvest gains early, increase returns and compound these gains forward. The proceeds were used to open new swaps with similar geographical allocations. The portfolio maintained its high average contractual potential redemption yield, reflecting disciplined risk management and attractive entry points.

The Fund remains 100% collateralised with UK Gilts, with average maturity just above 6 years and securing a strong funding spread over SONIA. UK gilts experienced volatility in the month as prices rallied, and yields fell, but duration hedges within the gilt portfolio fully protected against these market swings. We also took the opportunity to extend the number of underlying GILTS by investing in the newly issued 4.125% 2033.

October saw global equity markets extend their rally, reaching new highs on accommodative central bank policies and the ongoing AI trade. The Nikkei 225 in Japan saw the highest monthly increase in over 30 years (16.9%). The US Federal Reserve cut rates for the second time in as many months, buoying investor sentiment and driving a broad rally especially in rate sensitive segments.

Commodities, such as Gold, continued their upward trajectory, hitting all-time highs as investors replaced USD reserves, amid continuing geopolitical uncertainty.

S&P 500 (SPX): +2.63%, Russell 2000 (RTY): +2.11%, FTSE 100 (UKX): +3.92%, Euro Stoxx 50 (SX5E): +2.7%, Swiss Market Index (SMI): 0.33%, Nikkei 225 (NKY): +16.9%, Hang Seng Index (HSI): -3.76%

The VIX trended slightly up over the month opening at 16.69% and closing at 17.44%. Intra month VIX spiked as high as 25.31%, driven by the brief US/China trade tantrum.

Key facts

As at 31 October 2025

Managers:

Huw Price, Paul Adams

Launch date: 3 February 2025

Fund type: UK UCITS

Fund size: £142.7m

Share classes:

F-class (Acc):

Minimum Investment: £50m

OCF: 0.35%

NAV: 104.56p

ISIN: GB00BM8J6150

SEDOL: BM8J615

I-class (Acc):

Minimum Investment: £100k

OCF: 0.60%

NAV: 104.35p

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

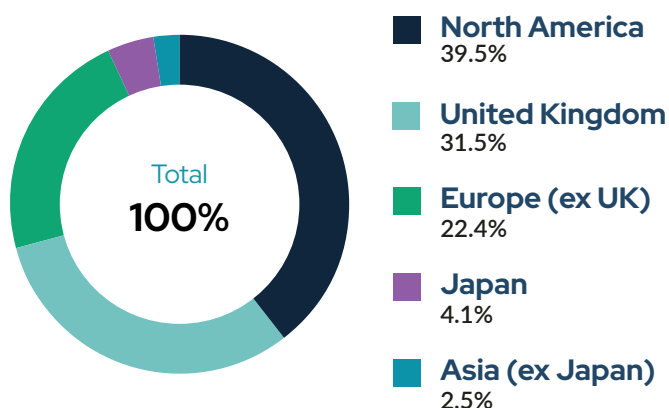
IA sector: Specialist

Fund overview

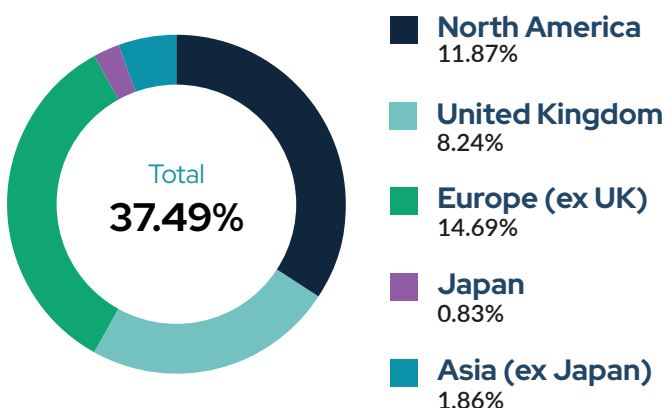
Over the month the fund returned +1.25%.

The Fund continues to perform as expected, offering resilience to broader equity falls due to the 41.9% 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 9.06%, with 94% of the EQD swaps in-the-money. The fund is fully at scale and well positioned going into the end of the year. As we look ahead to November, we remain focused on harvesting strong risk-managed returns, as the portfolio matures and the inherent value of the optionality starts to prove itself in the NAV.

Equity market exposures



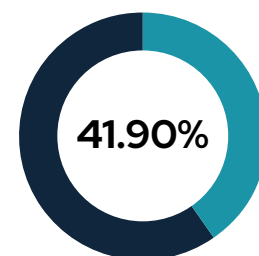
Equity market exposures (Delta)



Credit risk



Average cover to capital loss



Top 10 holdings

Holdings	Market Exposure	Defined Return ¹	Weighting
Gilt-Backed Autocall	UK/EU	8.72%	5.15%
Gilt-Backed Autocall	US/EU	8.58%	4.97%
Gilt-Backed Autocall	UK/US	8.13%	4.54%
Gilt-Backed Autocall	UK/EU/US	9.78%	4.54%
Gilt-Backed Autocall	UK/US	8.95%	3.98%
Gilt-Backed Autocall	UK/US	8.50%	3.90%
Gilt-Backed Autocall	EU/JPN	10.40%	3.88%
Gilt-Backed Autocall	UK/US	8.56%	3.86%
Gilt-Backed Autocall	UK/US	8.65%	3.82%
Gilt-Backed Autocall	US/EU	9.50%	3.59%

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	-21.56%	-10.34%	-2.43%	2.14%	3.91%	4.62%	4.99%
1 Year	-17.62%	-5.03%	3.02%	7.88%	9.46%	10.21%	10.63%
2 Years	-12.39%	1.80%	11.12%	17.94%	18.36%	18.41%	18.39%
3 Years	-6.81%	9.78%	20.39%	28.85%	28.60%	28.07%	27.55%

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 31/10/2025. 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.