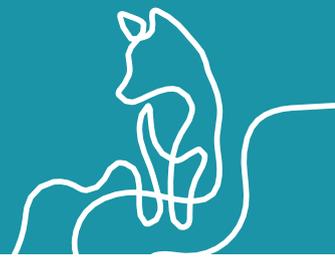


The MGMTS Downing Fox Funds

January 2026



January Commentary

Executive Summary

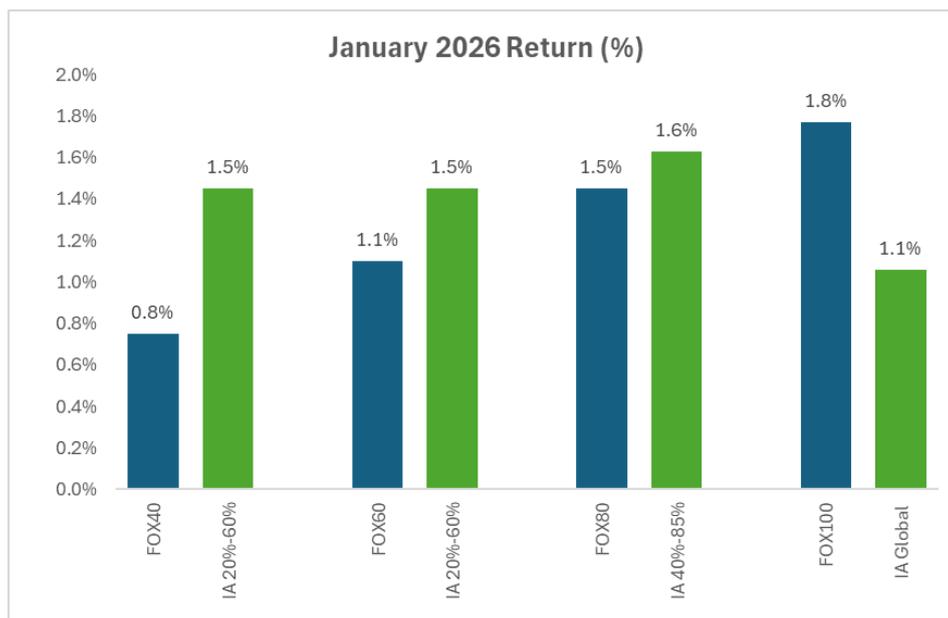
- **Growth Component:** Our diversified portfolio of active managers benefited from weaker mega-caps and better performance in small-caps and non-US markets.
- **Defence Component:** This was steady and behaved as intended, with yen and bonds providing stability.
- **Primary drag vs peers:** We're not permitted to hold dedicated gold exposure, and gold's remarkable surge boosted our competitors.
- **Overall:** Absolute returns were good, our positioning remains sound, and we believe *relative* performance will improve over time.

Well done, everyone - we've made it through January.

From a market perspective, it's been an interesting start to the year. We don't dwell on the macro, but Donald Trump has certainly kept everyone busy. A diplomatic squabble with Iran, a potential invasion of Greenland, and an actual strike on Venezuela have all created plenty of noise.

But for now, that's all it is: noise. Looking at financial markets, it's encouraging that our strategy now faces a gentle tailwind, rather than the headwind that dominated the second half of 2025.

This month, I wanted to look at what's worked, and what hasn't in the Fox funds. We're confident in our positioning given the shape of the world this year, but our confidence hasn't yet translated into *relative* performance numbers, particularly within our lower-equity strategies.



Source: FE fundinfo, 31.01.2026
Past performance is not an indication of future performance.

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The MGMTS Downing Fox 100% Equity fund comfortably outperformed the IA Global sector and the global index. But the 40%, 60% and 80% Equity funds all lagged their respective sectors. Interestingly, the sector performance order was unusual: the 40–85% Shares sector delivered the highest return, followed by the 20–60% Shares sector, with the IA Global (i.e. 100% Shares) sector the lowest.

Meanwhile, the MGMTS Downing Fox funds lined up in their expected order – the 100% Equity fund performing best, the 40% Equity fund lowest – as you’d expect in a period of rising equity markets. To understand this dynamic, it’s helpful to break down the two components of the strategy.

The Growth Component

It’s been a strong start to the year for the Growth Component. The latter half of 2025 was defined by the surge in speculative assets (particularly AI-linked names) and the dominance of mega-caps over smaller companies. That wasn’t a favourable environment for us, given our diversified mix of active managers.

Top 10 Contributors to Fox Growth Component Model in January 2026

Name	Model Weight	Fund Return	Relative Return vs MSCI ACWI	Model Contribution
Merlin Fidelis Emerging Markets	3.0	10.28	9.70	0.31%
WS Havelock Global Select	3.5	7.51	6.93	0.26%
Premier Miton UK Value Opportunities	4.0	5.37	4.79	0.21%
Third Avenue Global Value	2.5	6.60	6.02	0.16%
WS Gresham House UK Smaller Companies	4.3	3.74	3.16	0.16%
Zennor Japan	4.0	3.87	3.29	0.15%
AVI Global Special Situations	3.5	3.56	2.98	0.12%
HC Snyder US All Cap Equity	3.0	3.76	3.18	0.11%
WS Whitman UK Small Cap Growth	2.5	4.40	3.82	0.11%
M&G Europe ex UK Value	2.5	4.19	3.61	0.10%

Source: Morningstar, 31.01.2026

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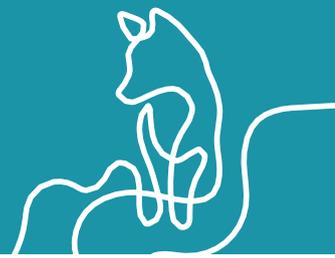
2026 has had a different feel so far. Index returns have been pedestrian as the largest constituents struggled to maintain their 2025 momentum. The “Magnificent 7” fell in January. Meanwhile, smaller companies performed reasonably well, and non-US regions generated stronger returns. This backdrop is far more friendly to our diversified Growth Component in terms of style, geography, and market cap.

Some of our strongest performers included **Merlin Fidelis Emerging Markets**, which has a distinct value bias and exposure to low-valuation Chinese stocks, as well as value-oriented global managers who were underweight in the US, such as **WS Havelock Global Select**, **Third Avenue Global Value** and **AVI Global Special Situations**. It was also encouraging to see UK funds among the top contributors – including **Premier Miton UK Value Opportunities** and **WS Gresham House UK Smaller Companies** – both benefitting from their small-cap tilt.

In total, 27 of the 37 funds we hold outperformed the global index in January.

The MGMTS Downing Fox Funds

January 2026



Bottom 10 Contributors to Fox Growth Component Model in January 2026

Name	Model Weight	Fund Return	Relative Return vs MSCI ACWI	Model Contribution
Spyglass US Growth	3.0	-10.04	-10.62	-0.30%
IFSL Evenlode Global Equity	4.8	-3.28	-3.86	-0.16%
VT Castlebay UK Equity	4.0	-2.45	-3.03	-0.10%
Landseer Global Artificial Intelligence	4.0	-2.14	-2.72	-0.09%
Chikara Indian Subcontinent	0.8	-10.43	-11.01	-0.08%
Landgon Global Smaller Companies	1.8	-3.75	-4.33	-0.07%
Latitude Global	4.0	-1.59	-2.17	-0.06%
Nutshell Growth	3.3	-1.83	-2.41	-0.06%
Brown Advisory US Value	1.8	-0.87	-1.45	-0.02%
Liontrust Global Dividend	2.5	-0.29	-0.87	-0.01%

Source: Morningstar, 31.01.2026

Past performance is not an indication of future performance.

The biggest detractors were all linked by one theme; the ongoing struggles of 'quality' investing. Quality as a style was left behind in the 2025 rally, and that headwind has continued into 2026. This explains the underperformance from **IFSL Evenlode Global Equity**, **VT Castlebay UK Equity** and **Latitude Global**.

We also saw higher-growth funds with significant North American exposure – such as **Landseer Global Artificial Intelligence** and **Spyglass US Growth** – lag as enthusiasm for US exceptionalism and AI cooled.

None of this unduly concerns us. Successfully walking the The Unhero's Journey means holding funds that will inevitably go through tough periods. The important point is that the Growth Component overall is working well.

The Defence Component

The Defence Component only made a small positive return in January, which was entirely expected given the strength of the Growth Component.

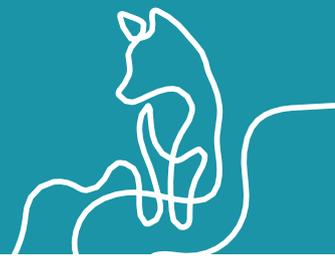
Within that, the strongest performers were our GBP money market and short-dated UK government bond holdings, which continued to grind higher. Detractors included our US dollar exposure (which we have been reducing over the last 12 months due to concerns about the White House's currency policy) and the Japanese yen. The yen continues to behave as we expect it to - providing genuine insurance in episodes of market stress, although at the cost of falling slightly when risk assets rise. We remain comfortable with this exposure and expect it to come into its own during any severe sell-offs.

In absolute terms, the Defence Component has behaved as we'd expect it to. However, relative to peers - and especially within our lower risk funds - it has been the main driver of underperformance. And this is not about what we own, but what we *don't*: gold.

Gold rose roughly 20% in 2026 (up to 29 January), building on a 50% return in 2025. A mix of factors drove the rally: Disillusionment with Western fiscal policy, geopolitical tensions, heavy central bank buying and strong retail demand. The result was an asset that significantly outperformed equities.

The MGTs Downing Fox Funds

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Source: Morningstar, 31.01.2026

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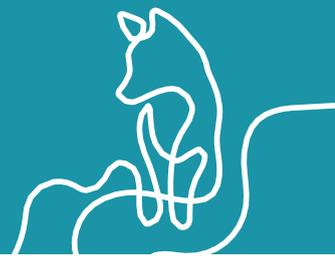
We don't own gold - we're not permitted to by our investment policies - and that has been the biggest headwind to our lower risk funds. In the 40–85% sector, the top three performing funds all hold gold ETFs and exposure to gold miners or silver. It's a similar story in the 20–60% sector, where most of January's strongest performers had meaningful gold exposure.

Why don't we own it? Gold can be a useful "safe haven" asset, and we commend peers for holding it. But historically, it has not been consistently reliable, can be very volatile, and often falls sharply when equities rise - diluting Growth Component gains.

Our concerns were partly validated on 29 January when gold fell more than 10% in a day following Trump's nomination of Kevin Warsh as Fed Chair. Warsh is perceived as less pliant than other candidates, which triggered a rally in the dollar and a sharp unwinding of gold enthusiasm.

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Conclusion

January was a positive month for our strategy. The Growth Component performed well, and the Defence Component behaved defensively, even though its lack of gold exposure meant we lagged peers in the multi-asset sectors. In absolute terms, our funds continue to deliver solid returns with low volatility. We remain confident that it is only a matter of time before this starts to shine in relative terms as well.

Thanks for your continued support.

Alex Paget – Fund Manager, MGTS Downing Fox funds.

Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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