Money Wise UK®

Growing together, with integrity and respect

MGTS Downing Fox Range – Strategy Review – September 2026

The MGTS Downing Fox range offers four multi-manager funds built around a deliberately simple idea: separate the portfolio into Growth and Defence, give each component a clear job, and avoid trying to predict the next economic or market event.

The result is a range that looks quite different from many mainstream multi-asset solutions.

This review considers the investment philosophy, current portfolios, performance and where the range might fit within a financial planning firm's investment proposition.

1. Strategy Overview

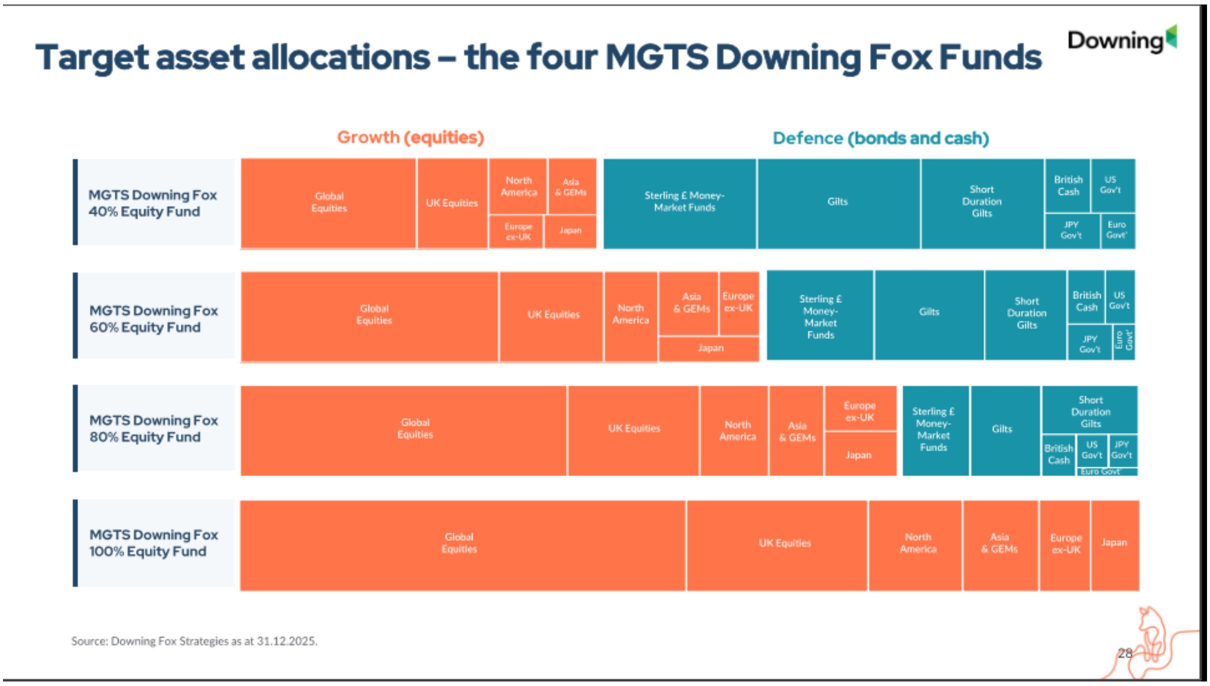
The MGTS Downing Fox range comprises four funds:

Fund	Growth	Defence	A Share OCF	Fund Size*
MGTS Downing Fox 40% Equity	40%	60%	0.40%	£10.4m
MGTS Downing Fox 60% Equity	60%	40%	0.60%	£29.8m
MGTS Downing Fox 80% Equity	80%	20%	0.80%	£37.8m
MGTS Downing Fox 100% Equity	100%	—	1.00%	£41.3m

*As at 31 July 2026.

The funds launched on 27 June 2023 and are structured as NURS fund-of-funds.

The 40%, 60% and 80% funds use exactly the same Growth and Defence building blocks in different proportions. The 100% Equity Fund consists entirely of the Growth component. Allocations between the two components are fixed and regularly rebalanced rather than being changed according to a tactical market view. This simplicity is central to the proposition.

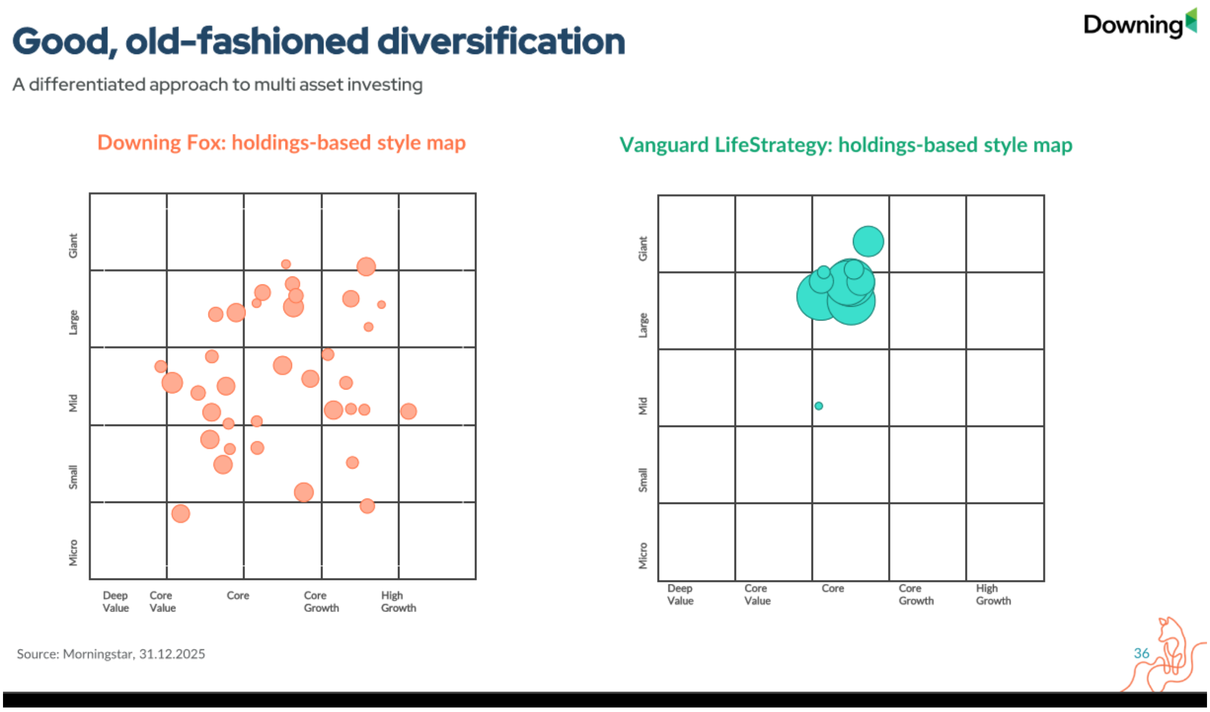


2. Why This Review Is Interesting

Three things make Downing Fox particularly interesting.

Genuine diversification

The managers deliberately combine different investment styles, market capitalisations, geographies and fund managers. The January presentation illustrates this well: the Downing Fox holdings-based style map spans value, core and growth, and ranges from smaller to larger companies, whereas the Vanguard LifeStrategy example is considerably more concentrated around larger core/growth companies.



That does not make one approach inherently better than the other.

It does mean they are likely to behave differently.

A genuinely active equity portfolio

The Growth component is constructed entirely from actively managed equity funds.

That is increasingly unusual in a multi-asset market where many propositions combine active and passive building blocks.

Importantly, I don't see this as an argument that active is good and passive is bad. Passive investing remains an extremely valuable investment tool.

The question is whether today's market-cap-weighted indices provide the same level of diversification investors may assume.

Downing Fox provides one possible counterbalance.

A different approach to Defence

The Defence component is particularly simple.

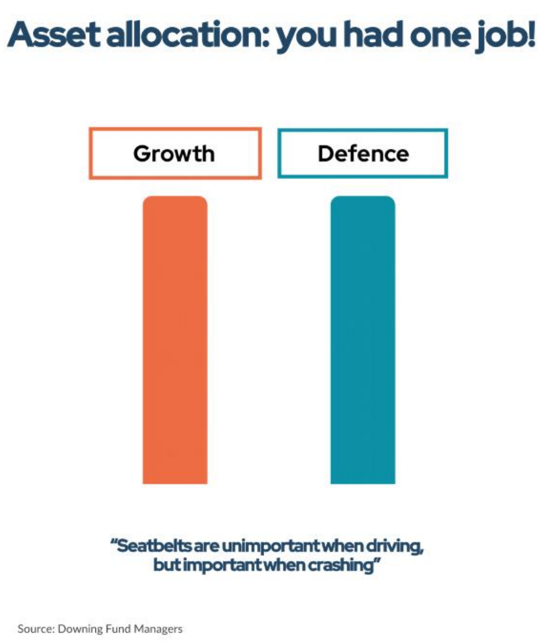
Its job is not to generate an attractive return on its own. Its job is to provide protection when equities fall.

The managers therefore concentrate on:

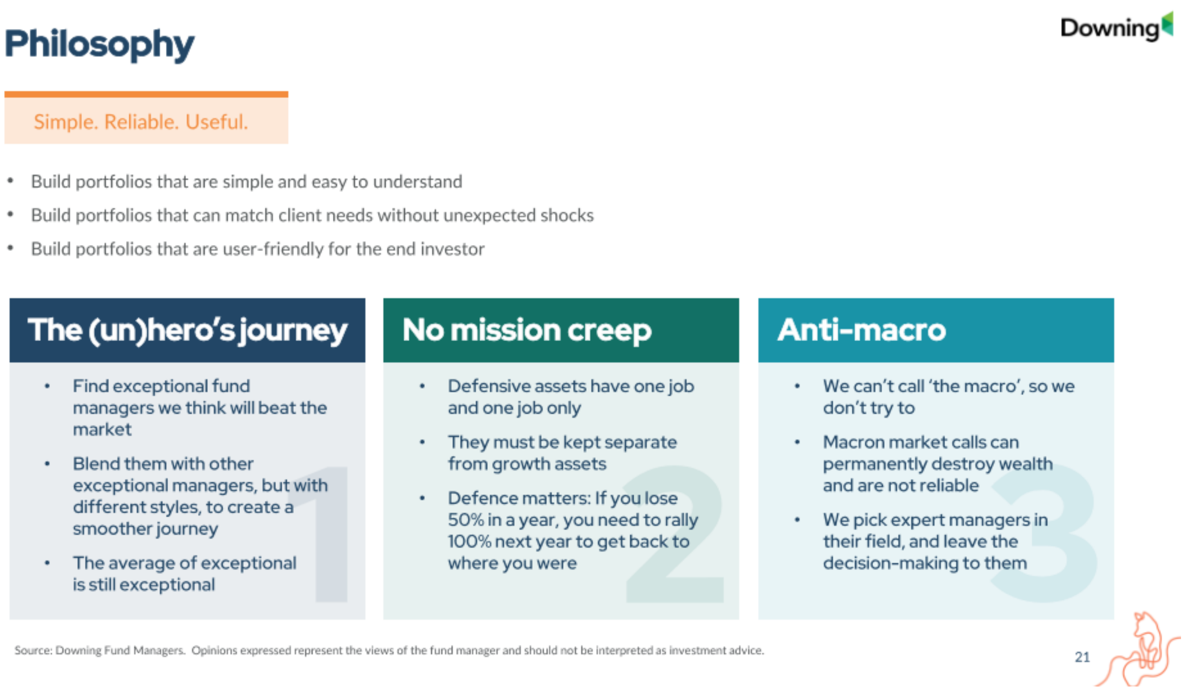
- Cash and money-market funds
- UK government bonds
- Short-duration government bonds
- Select overseas government bonds and currencies

They deliberately exclude areas such as corporate bonds, property, alternatives and absolute-return strategies from this component.

The philosophy is essentially no mission creep: Growth should provide growth; Defence should provide defence.

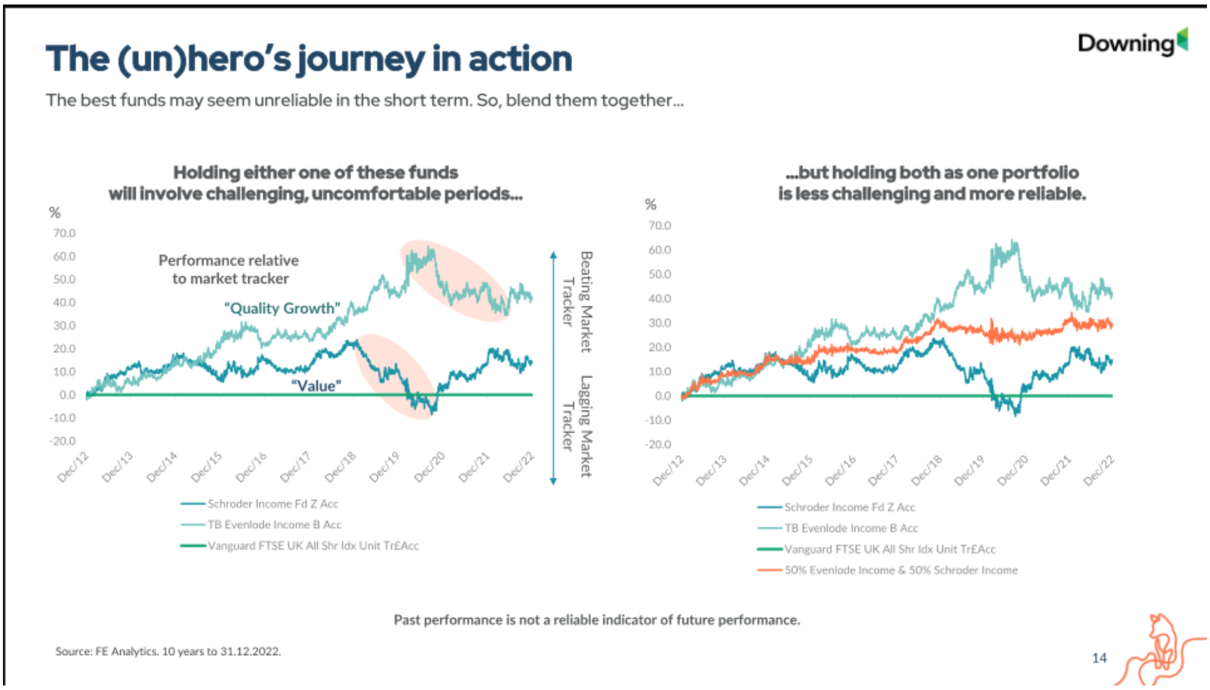


3. Investment Philosophy



The philosophy can probably be reduced to three ideas.

The "(Un)hero's Journey"



Simon Evan-Cook and Alex Paget do not want individual fund managers to dominate portfolio outcomes.

They look for active managers they believe can outperform over time, but accept that even good managers will experience periods when their style is out of favour.

Rather than trying to identify the single manager who will outperform next, they blend managers with different approaches.

The aim is therefore to produce a more consistent journey from a collection of individually less consistent return streams.

Anti-Macro

The team does not believe it can reliably forecast interest rates, inflation, elections, economies or geopolitical events.

They therefore try not to construct portfolios that require one particular macroeconomic outcome.

This does not mean ignoring risk.

It means asking what could happen, rather than claiming to know what will happen.

No Mission Creep

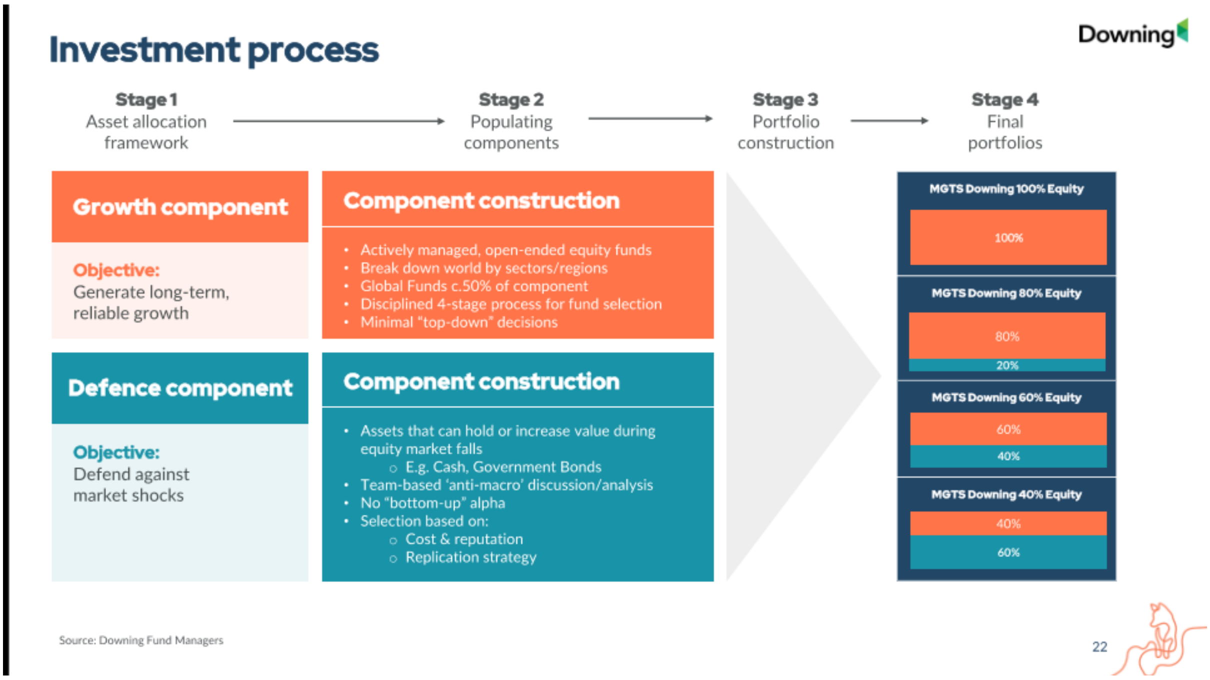
The risk level comes primarily from the proportion allocated to Growth and Defence.

The team does not increase equity exposure because markets look attractive or dramatically increase defensive assets because it fears a recession.

For advisers, that has an important advantage: the 60% Equity Fund should remain recognisably a 60% equity strategy rather than gradually becoming something different because of the manager's latest economic view.

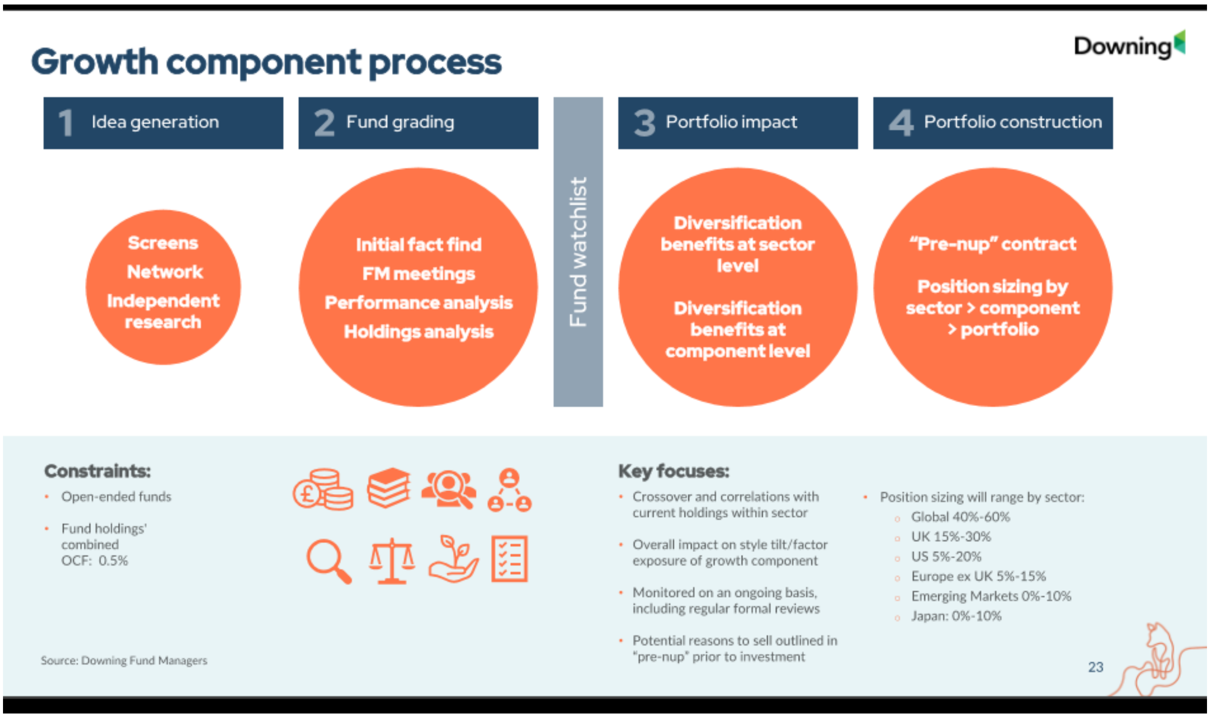
4. Investment Process

The investment process follows the same simple structure as the philosophy: build the Growth and Defence components separately, give each a clear objective, and then combine them in fixed proportions based on each fund's risk level.



Building the Growth Component

The Growth component is constructed entirely from actively managed, open-ended equity funds.



Rather than starting with a view on which country, sector or investment style is likely to perform best, the team searches for managers it believes can add value over the long term.

Potential funds are assessed across a number of areas, including:

- Investment philosophy and process
- Whether decisions are driven by bottom-up stock selection rather than macro forecasting
- Manager focus and experience
- Alignment or "skin in the game"
- Fund size and capacity
- Stewardship
- Costs
- The team's overall confidence in the manager

Underlying fund costs are also important. The weighted-average OCF of the funds held within the Growth component is targeted at no more than 0.50%.

But selecting good managers is only the first stage.

The team then considers how each fund changes the overall portfolio.

This includes looking at:

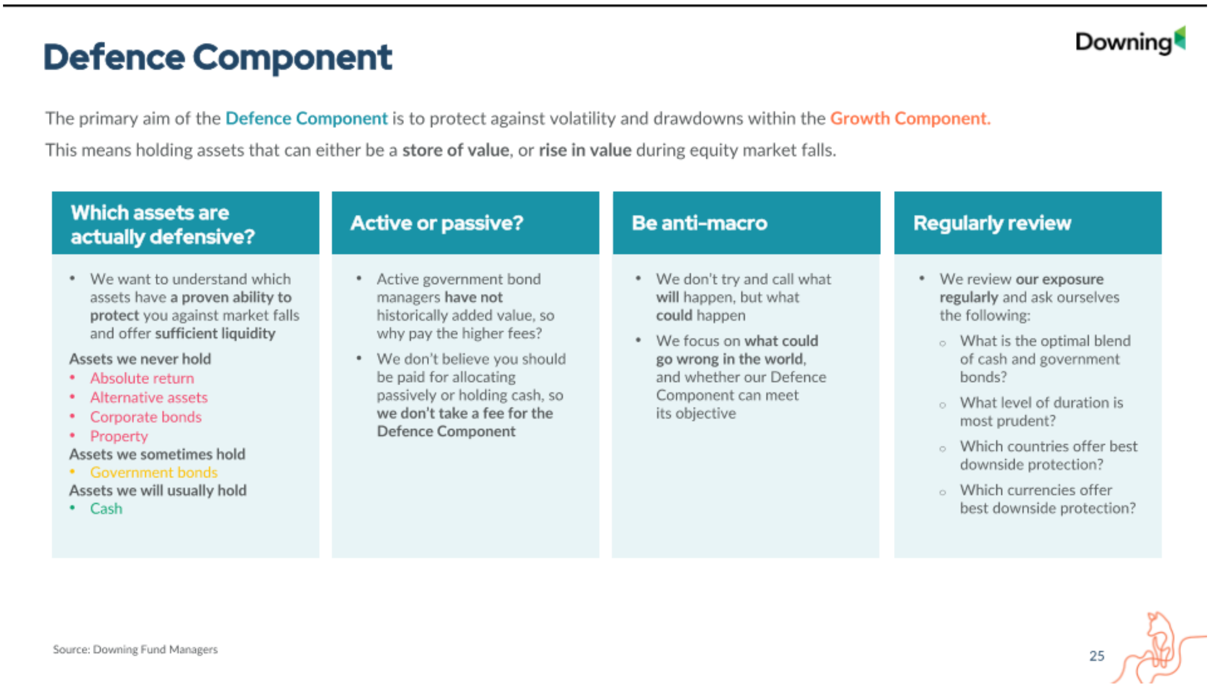
- Overlap with existing managers
- Investment style
- Market-cap exposure
- Geographic exposure
- Correlation with other holdings
- The diversification benefit it brings to the overall Growth component

Before investing, the team also sets out what it calls a "pre-nup", the circumstances that could lead them to reconsider or sell the fund.

This matters because it creates discipline around future decisions, rather than letting short-term performance alone determine whether a manager stays or goes.

Building the Defence Component

The Defence process is deliberately different.



The team is not looking for investment managers who can generate additional alpha.

Instead, the question is much simpler:

Will this asset help protect the portfolio when equities fall?

The starting universe is therefore deliberately narrow, concentrating primarily on:

- Cash and money-market funds
- Government bonds
- Short-duration government bonds
- Selected overseas government bonds and currencies
- and alternative investments within Defence because it does not believe these assets can always be relied upon to provide protection during an equity market shock.

The portfolio is reviewed regularly, with the managers considering questions such as the appropriate balance between cash and government bonds, duration, currencies and which government bond markets may provide the most useful downside protection. Again, this is not based on trying to forecast what will happen next.

It is based on considering what could go wrong and whether the Defence component would still do its job if it did.

Bringing the Two Together

Once Growth and Defence have been constructed, the final stage is straightforward:

- **40% Equity Fund:** 40% Growth / 60% Defence
- **60% Equity Fund:** 60% Growth / 40% Defence
- **80% Equity Fund:** 80% Growth / 20% Defence
- **100% Equity Fund:** 100% Growth

These allocations are maintained rather than tactically adjusted based on the team's economic or market outlook.

For me, this is one of the strongest aspects of the process.

There is complexity underneath the bonnet in researching and blending active managers, but the end result remains relatively easy for an adviser, and importantly a client, to understand.

5. Team and Resources

Simon Evan-Cook and Alex Paget manage the range.

Simon has more than 25 years' industry experience and previously managed multi-asset portfolios at Premier Miton. His previous funds won four Investment Week Fund Manager of the Year awards during his tenure.

Alex joined Downing in January 2023 after roles at Liontrust, Neptune and Kepler Partners.

One area I wanted to understand was succession.

The manager update suggests that Alex is genuinely a co-manager rather than simply a named deputy. His responsibility for underlying manager research has increased materially, with Simon increasingly providing experience, challenge and final oversight.

The intention is also to expand the wider investment resource as the Fox business grows.

In June 2026, an advisory committee was added to provide independent challenge around portfolio construction, risk management and decision-making.

This does not remove key-person risk completely, but I think the direction of travel is sensible.

6. Portfolio Overview

Growth

The Growth component currently holds 36 actively managed equity funds.

At 31 July 2026, the 100% Equity Fund was approximately:

- **51% Global Equity**
- **18% UK Equity**
- **9% US Equity**
- **8% Asia & Emerging Markets**
- **8% Europe ex UK**
- **6% Japan**

The same underlying Growth portfolio is then scaled down in the 80%, 60% and 40% funds.

What is more interesting than the geographic split is what sits underneath it.

The portfolio includes managers across value, quality, growth, smaller companies and more specialist approaches. Current holdings include funds from Latitude, Palm Harbour, Havelock, Ranmore, Landseer, Redwheel, Evenlode, Skerryvore, Merlin Fidelis, Chikara and a number of specialist UK managers.

The manager's June look-through analysis indicated that the largest 20 underlying stocks represented only around 8.9% of the equity portfolio, with the largest individual company approximately 0.7%.

That is materially different from a conventional market-cap-weighted global index and helps demonstrate what Downing means by diversification.

Defence

The Defence component is currently dominated by:

- Sterling cash and money-market funds
- Conventional UK government bonds
- Short-duration gilts
- Japanese government bonds
- Smaller US and euro government bond positions

The 40% Equity Fund, for example, currently has around 20% in cash and money markets, 19% in UK government bonds and 13% in short-duration UK government bonds, alongside smaller overseas government bond allocations.

The Japanese exposure is an interesting example of the philosophy. The managers are prepared for an asset to disappoint when equities are rising if they believe it can genuinely diversify during periods of market stress.

7. Performance Overview

Performance is probably the most important area to consider when assessing the range.

As at 31 July 2026:

Fund	1 Year	IA Sector	3 Years	IA Sector
Fox 100% Equity	10.68%	14.73%	33.96%	41.41%
Fox 80% Equity	9.28%	13.02%	28.23%	35.12%
Fox 60% Equity	6.80%	9.89%	23.52%	27.76%
Fox 40% Equity	5.20%	9.89%	19.43%	27.76%

The funds have therefore lagged their respective IA sector averages since launch.

That should not be brushed aside.

Putting the underperformance into context

The current period of relative underperformance has broadly coincided with the market environment that developed from the beginning of 2023, when returns became increasingly concentrated in a relatively small number of US mega-cap and AI-related companies.

This matters because Downing Fox deliberately has less exposure to these areas than many index-led portfolios.

According to the manager, the underlying equity portfolio has still generated approximately 11% a year during this period, compared with around 14–15% from passive equities.

The distinction is important. Investors have not experienced falling markets while everyone else made money. Rather, the portfolio has participated in rising markets but at a slower rate than an unusually strong and increasingly concentrated global equity index.

The question for an investment committee is therefore whether this represents a temporary consequence of the portfolio's diversification or evidence that the approach is structurally unable to keep pace.

So far, the managers have made no strategic change in response to the relative underperformance. They still believe the underlying philosophy is appropriate, although individual fund selection has evolved as they have identified managers they believe will improve the portfolio.

When might we expect it to outperform or underperform?

The range is likely to look strongest when market leadership broadens.

This does not necessarily require a major market reversal. A more normal environment in which some mega-cap companies perform well, and others do not, could allow active stock selection, smaller companies, value strategies, and less index-dominant businesses to contribute more meaningfully.

A more significant market rotation could potentially accentuate that difference.

Conversely, if the environment of recent years continues and a small number of mega-cap technology and AI-related companies continue to dominate global equity returns, Downing Fox could continue to lag more index-heavy alternatives.

This is an important expectation to establish upfront. Genuine diversification means accepting environments where that diversification looks unnecessary.

Downside experience

The live funds only launched in June 2023, so there is limited evidence from a significant market drawdown.

However, the manager has supplied strategy-level performance covering the market weakness around the Ukraine invasion and inflation shock in early 2022.

The maximum drawdowns recorded on 7 March 2022 were:

Strategy	Maximum Drawdown
100% Equity	-8.5%
80% Equity	-6.6%
60% Equity	-4.6%
40% Equity	-2.6%

These figures pre-date the launch of the MGTS funds and should therefore be treated as strategy-level rather than live-fund performance.

The managers believe two factors helped during this period: lower exposure to the mega-cap growth companies affected by rising interest rates, and within the mixed-asset strategies, avoiding the significant long-duration bond exposure that hurt many traditional multi-asset portfolios.

July 2026 – an interesting month

July provided a useful example of how the portfolios could behave if market leadership broadens.

During the month:

- Fox 100% returned +2.28% versus -1.20% for the IA Global sector
- Fox 80% returned +1.82% versus -0.49%
- Fox 60% returned +0.97% versus -0.42%
- Fox 40% returned +0.49% versus -0.42%

The Growth component returned approximately +2.42%, while the MSCI ACWI proxy used by Downing fell approximately 1.26%.

Importantly, the improvement was reasonably broad-based. Twenty-seven of the 36 underlying equity funds outperformed global equities during the month, with UK smaller companies, global value and Asia/Emerging Markets among the stronger contributors.

That is potentially encouraging because it demonstrates what the diversification is intended to achieve.

But one month is not evidence that the market regime has permanently changed.

July could be the beginning of broader market leadership, or simply a temporary pause in the mega-cap and AI-led environment.

We do not know.

And arguably that uncertainty is precisely why the Downing Fox portfolios are constructed the way they are.

8. What We Like / What We Would Monitor / Where It Fits

What We Like

Clarity of philosophy

Growth has one job, and Defence has another. The proposition is easy to understand and relatively easy to explain to clients.

Genuine diversification

There is meaningful diversification across managers, styles, market capitalisations, and regions, rather than simply owning different funds that hold many of the same largest companies.

No reliance on tactical asset allocation

The fixed Growth/Defence structure reduces the risk of a major macroeconomic call changing the fund's risk profile.

Active manager selection

For firms that believe skilled active managers can add value, Fox provides access to many specialist managers within one structure.

Pricing structure

The A share OCF rises with the equity allocation: 0.40%, 0.60%, 0.80% and 1.00%. Downing absorbs costs that would otherwise push the OCF above these levels.

That is competitive for an actively managed multi-manager proposition, although clearly it should not be described as cheap relative to a straightforward passive solution.

What We Would Monitor

Performance

The range has underperformed its sector averages since launch.

There may be a perfectly reasonable explanation, but investment committees need to distinguish between being patiently different and simply being wrong.

The next few years should provide much better evidence.

Fund size

Total assets across the four funds are approximately £119m, but the 40% Equity Fund remains relatively small at £10.4m.

This is not necessarily a problem, particularly within a fund-of-funds structure, but scale should remain monitored.

Holder concentration

Manager-supplied information indicates two adviser firms currently account for more than 10% of each underlying fund, although one is moving assets into a white-labelled version of the strategy.

That should reduce concentration over time, but it remains something I would keep under review.

Active manager risk

The portfolio deliberately relies on active managers.

If today's mega-cap-led environment continues for a prolonged period, the strategy could continue to lag index-heavy alternatives.

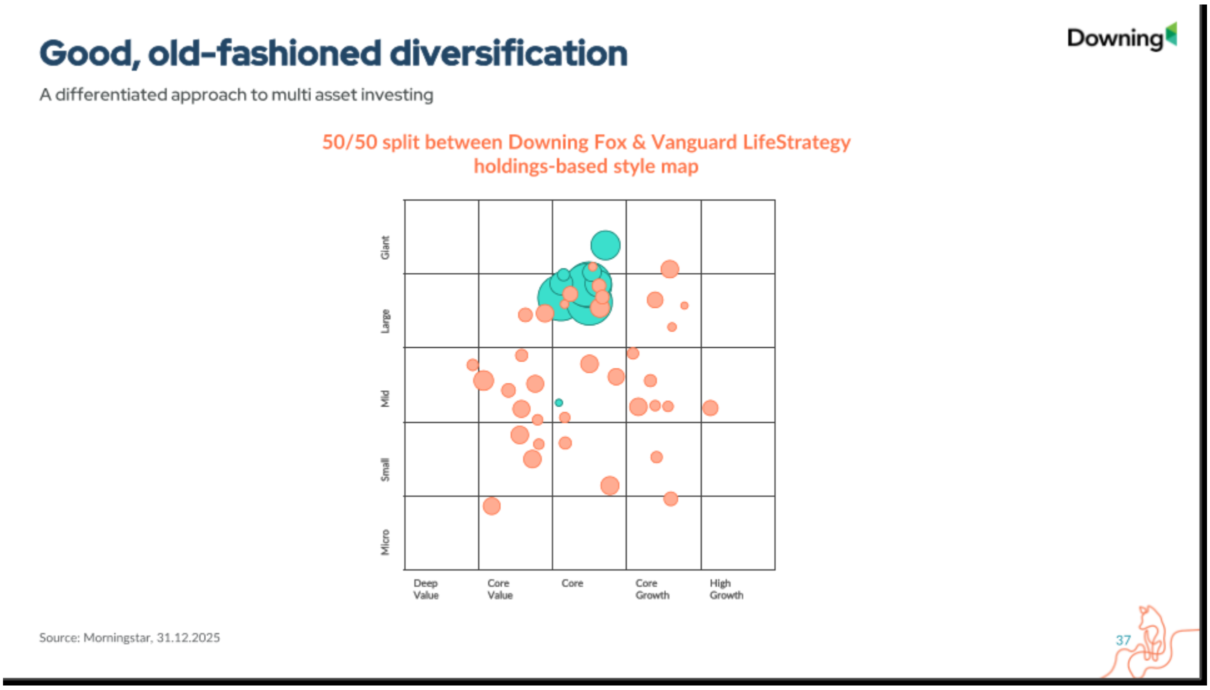
Conversely, if leadership broadens, its differentiated positioning could become a significant advantage.

Where It Fits

I can see two potential roles.

For firms that believe strongly in active management, the range can operate as a core risk-rated investment solution.

But I think it is equally interesting as a complement to a passive or more index-aware proposition. The chart below is taken from the slide presentation:



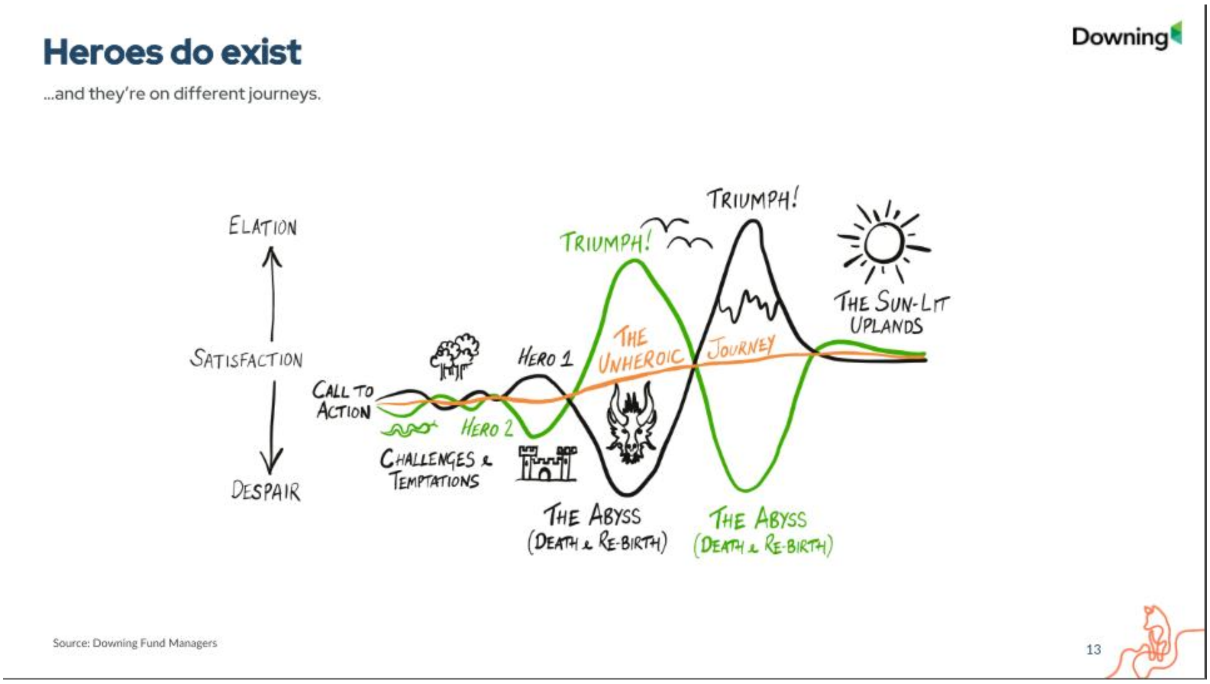
That may actually be the more interesting use.

An adviser does not have to decide that active is right and passive is wrong.

Combining different return drivers may provide a more robust answer than relying entirely on either.

9. Money Wise UK Summary

I like Downing Fox's simplicity. This illustration best describes how they think:



There are two building blocks.

Growth is there to grow.
Defence is there to defend.

Within Growth, the managers try to identify strong active fund managers and combine them so the outcome isn't dependent on one investment style, market, or small group of companies.

Within Defence, the objective is equally clear: hold assets that should provide protection when equity markets become difficult.

What makes the range particularly interesting today is that it looks increasingly different from many market-cap-weighted and index-led solutions.

That difference has not always been comfortable.

The funds have lagged their respective IA sector averages since launch. The manager explains that the portfolios have deliberately held less of the mega-cap technology and AI-related companies that have driven a large share of recent global equity returns. The underlying equity portfolio has still produced positive returns, but at a slower rate than passive global equities during this unusually concentrated market environment.

That distinction matters, but it does not remove the need to monitor performance carefully.

An investment committee should ask whether the underperformance is a temporary consequence of genuine diversification or evidence that the approach is failing to add value.

The answer will only become clearer with time.

There are some encouraging signs.

The strategy-level drawdown experience from early 2022 suggests that the combination of lower mega-cap exposure and a relatively simple Defence component provided useful protection during a difficult period for both equities and bonds. These figures pre-date the launch of the MGTS funds, so treat them as supporting evidence rather than live-fund performance.

July 2026 also provided a small example of how the portfolio could behave if market leadership broadens. All four funds produced positive returns while their respective IA sectors fell, and the improvement was spread across a wide range of underlying managers rather than being driven by one isolated position.

One month proves very little.

But it does illustrate the central argument behind the range.

If mega-cap companies continue to dominate market returns, Downing Fox may continue to look slow relative to more index-heavy alternatives.

If leadership broadens, active stock selection, value, smaller companies and less index-dominant areas of the market may become more important.

For me, that's why the range deserves attention.

Not because active is better than passive.

And not because anyone can predict when market leadership will change.

But because a genuinely diversified portfolio may provide a different source of return at a time when many investment solutions are becoming increasingly dependent on the same companies and the same market trends.

The real test from here is whether that difference ultimately translates into better long-term outcomes for investors.

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Review completed: September 2026