

OBJECTIVE

The objective is to provide capital growth, with the potential for income, over any 3-year period.

KEY FACTS

Fund Manager	GWA Asset Management Limited
Comparator	IA Mixed Investment 0-35% Shares
Fund Size	£107,976,786
Launch Date	19 June 2023
Share Class	MGTS Qualis Defensive I Acc
ISIN	GB00BQ66LH78
OCF	0.98%

MARKET COMMENTARY

With markets returning to rationality during September, bond investors had to deal with the constant tug-of-war between interest rate cuts and economic data.

All eyes were on the US Federal Reserve during the month, with the Federal Open Market Committee meeting announcing a bumper 50 basis points cut to interest rates, from the 5.50% rate that had been held since July 2023. Furthermore, a further 75 basis points of cuts were projected by year end, with the overall interest rate to fall to 3.4% by the end of 2025.

With the war on inflation won, bonds rallied, with the 10-year yield falling to 3.623% and the spread between the 2 year and the 10-year treasury de-inverting as shorter date bonds fell at a greater rate, due to the anticipation of further interest rate cuts.

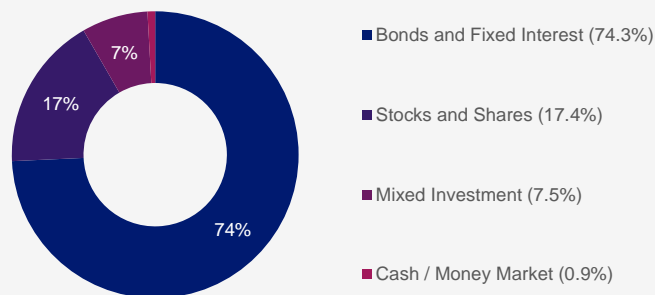
However, that did not last. Robust economic data continued to be reported, specifically in terms of both GDP and jobs numbers and yields rallied into the end of the month, with the 10-year yield closing at 3.787%.

However, there is no doubt that the west is in a new easing cycle and as such, we introduced the iShares UK Property ETF to the portfolio, reducing the cash levels within the fund appropriately. The expected decline in UK interest rates and bond yields should create a favourable backdrop for real estate, offering income and an opportunity to diversify the portfolio with an attractive entry point after a significant period of continued underperformance for the asset class.

Moving forward, we feel appropriately positioned to both capture opportunities that we believe will emerge in this new rate cutting cycle, whilst maintaining meaningful and effective diversification away from equity market volatility.

Andrew Alexander
Fund Manager

ASSET ALLOCATION



FULL PORTFOLIO HOLDINGS

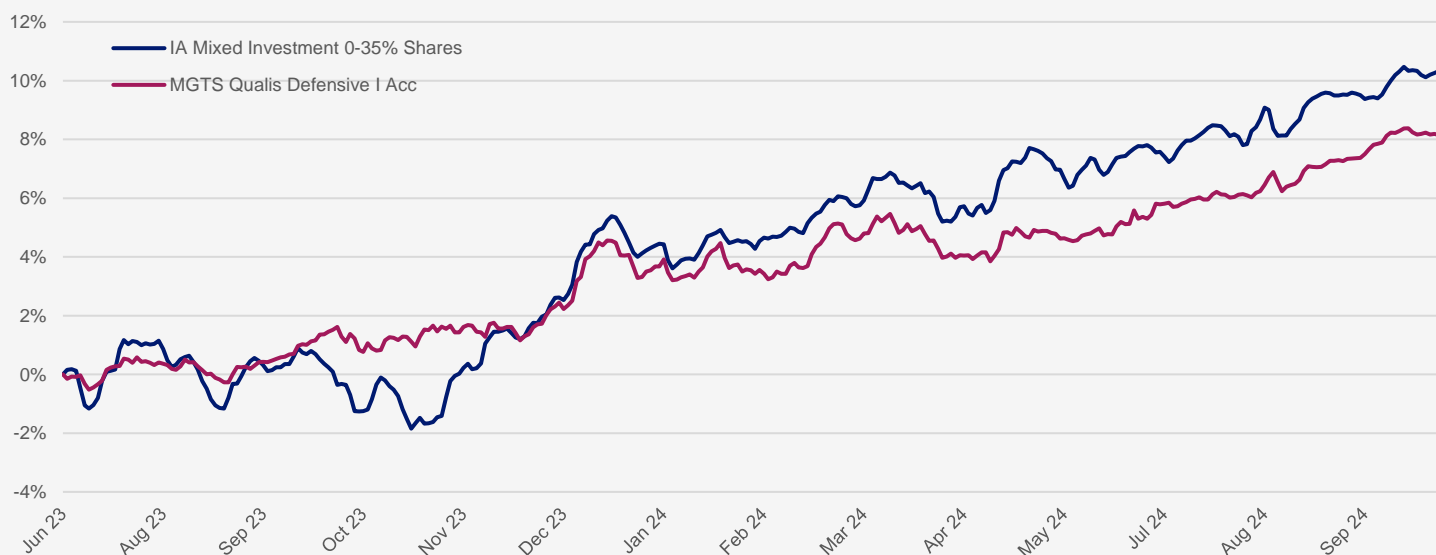
£ Strategic Bond	28.2%
Man GLG Dynamic Income - IF H GBP Capitalisation	10.1%
Aegon Strategic Bond Fund GBP S Acc	10.1%
L&G Dynamic Bond I Acc	5.1%
BlackRock Sustainable Sterling Strategic Bond Fund	2.5%
SVS RM Infrastructure Bond Fund F Class Acc	0.4%
Targeted Absolute Return	24.9%
TM Tellworth UK Select Fund - Class A Acc	7.5%
VT Argonaut Absolute Return Fund Class I GBP	7.4%
Royal London Diversified ABS Fund Z Acc	5.0%
M&G Global Target Return Fund GBP L Acc	5.0%
USD Government Bond	20.0%
iShares \$ Treasury Bond 3-7 Year ETF GBP Hedged	20.0%
£ Corporate Bond	9.5%
Man GLG Sterling Corporate Bond Fund Institutional	9.5%
UK Gilts	6.4%
iShares Core UK Gilts UCITS ETF GBP (Dist)	6.4%
Other Bond	5.2%
Nomura Funds Ireland Corporate Hybrid Bond Fund F	5.2%
Property	5.0%
iShares UK Property UCITS ETF GBP (Dist)	5.0%
Deposits	0.9%
GBP Cash	0.9%

PERFORMANCE

The IA (Investment Association) Mixed Investment 0-35% Shares Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the sector is expected to have a similar risk profile to the Sub-fund. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

Cumulative Performance	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
MGTS Qualis Defensive I Acc	2.08	2.40	6.61	-	-	-
IA Mixed Investment 0-35% Shares	2.55	3.23	10.68	0.75	6.92	30.58

Discrete Performance	YTD	2023	2022	2021	2020	2019
MGTS Qualis Defensive I Acc	3.36	-	-	-	-	-
IA Mixed Investment 0-35% Shares	4.73	6.06	-10.22	2.57	3.98	8.80



Source: Morningstar Direct as at 30 September 2024. Performance is bid to bid with income reinvested. Past Performance is no guarantee of future performance and investors may get back less than the original amount invested.

IMPORTANT INFORMATION

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