MGTS OEIC INVESTMENT PERFORMANCE TABLE to 31st December 2019

OEIC	Cumulative Performance							Discrete Annual Performance			3 Year Ratios							
Outperformance	October 2018 to Date	1 Month	3 Months	6 Months	1 Year	3 Year	Since Launch 22/02/2016	2017	2018	2019	Alpha	Beta	Sharpe Ratio	Downside Risk	Volatility	Max Loss	Max DD	Downside Capture
MGTS IBOSS 1 R Acc	4.76	0.83	0.64	2.71	8.64	9.61	15.98	4.52	-3.46	8.64	-0.05	0.95	0.35	3.38	3.11	-2.31	-4.49	96.52
IA Benchmark	5.47	0.63	0.56	2.41	8.72	10.17	20.77	4.84	-3.35	8.72	0.00	1.00	0.44	3.28	2.94	-2.49	-3.85	100.00
MGTS IBOSS 2 R Acc	5.75	1.32	1.50	3.50	10.87	13.14	23.64	6.68	-4.34	10.87	0.23	0.88	0.49	4.79	4.32	-3.28	-6.01	88.39
IA Benchmark	5.80	1.23	1.72	3.59	11.84	13.73	28.74	7.16	-5.10	11.84	0.00	1.00	0.53	5.06	4.47	-3.61	-6.42	100.00
MGTS IBOSS 3 Blend	6.28	1.60	1.87	3.90	12.28	15.52	27.99	8.62	-5.29	12.28	0.29	0.86	0.54	5.62	5.14	-3.97	-7.00	87.24
IA Benchmark Blend	6.23	1.37	2.03	3.98	13.80	16.62	34.28	8.56	-5.60	13.80	0.00	1.00	0.60	6.21	5.49	-4.33	-7.73	100.00
MGTS IBOSS 4 R Acc	6.79	1.86	2.22	4.27	13.64	17.83	32.33	10.52	-6.18	13.64	0.37	0.83	0.58	6.48	5.94	-4.62	-7.93	84.85
IA Benchmark	6.65	1.51	2.34	4.37	15.78	19.55	40.00	9.98	-6.11	15.78	0.00	1.00	0.63	7.38	6.53	-5.05	-9.02	100.00
MGTS IBOSS 5 Blend	7.12	2.03	2.44	4.56	14.56	18.88	33.67	11.06	-6.57	14.56	0.33	0.88	0.58	6.97	6.44	-4.99	-8.51	90.97
IA Benchmark Blend	6.37	1.73	2.56	4.46	15.72	19.77	41.35	10.59	-6.41	15.72	0.00	1.00	0.62	7.59	6.68	-5.05	-9.18	100.00
MGTS IBOSS 6 R Acc	7.45	2.20	2.65	4.84	15.48	19.93	35.01	11.61	-6.95	15.48	0.34	0.93	0.58	7.45	6.94	-5.36	-9.08	94.62
IA Benchmark	6.10	1.94	2.77	4.54	15.66	19.98	42.71	11.21	-6.72	15.66	0.00	1.00	0.61	7.76	6.85	-5.06	-9.34	100.00

Fund	***Benchmark***
MGTS IBOSS 1	**IA Mixed Investment 0%-35% Shares**
MGTS IBOSS 2	**IA Mixed Investment 20%-60% Shares**
MGTS IBOSS 3 Blend	**50% IA Mixed Investment 20%-60% Shares/50% IA Mixed Investment 40%-85% Shares**
MGTS IBOSS 4	**IA Mixed Investment 40%-85% Shares**
MGTS IBOSS 5 Blend	**50% IA Mixed Investment 40%-85% Shares/50% IA Flexible Investment**
MGTS IBOSS 6	**IA Flexible Investment**

Source of Data: FE ANALYTICS BE BETTER INFORMED

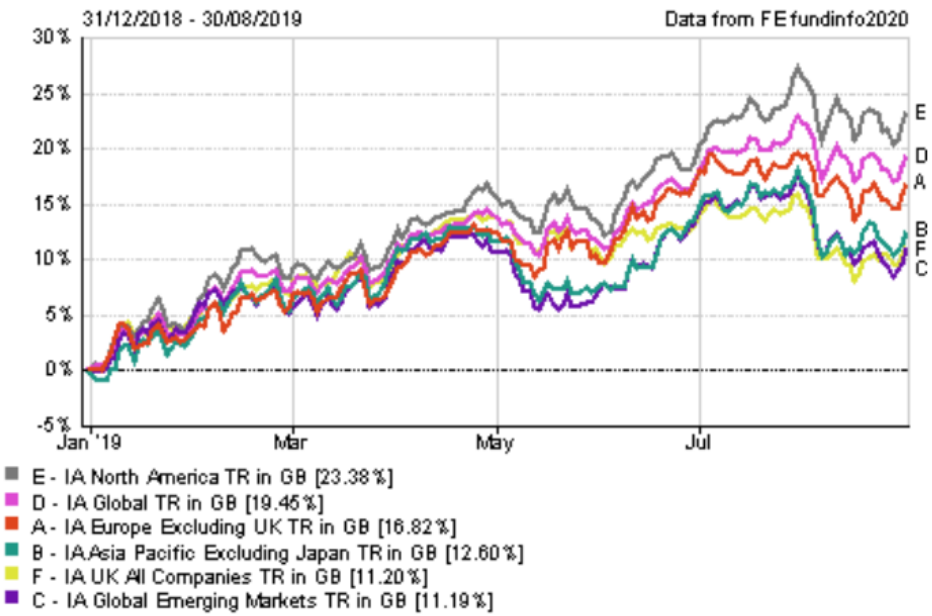
NB. MGTS IBOSS Figures are calculated on a Total Return basis - Total return shows the total return of the instrument with all income reinvested, assuming income is taxed at basic rates of income tax.

SUMMARY

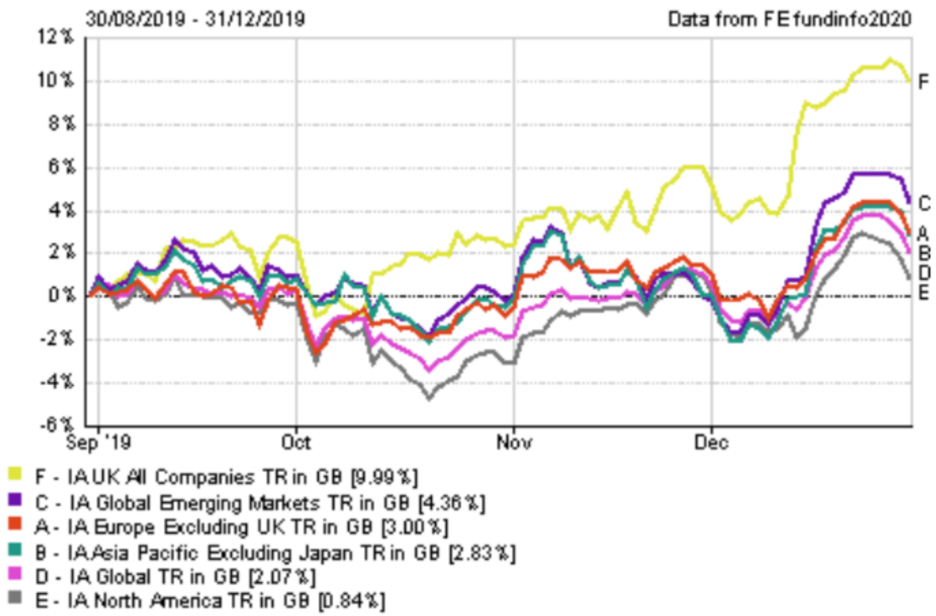
On a pure cumulative performance basis December made little change to the relative overall outcome of the OEICs for 2019. The month did, however, see them all outperform their respective benchmarks.

For all the razzamatazz surrounding a small number of US Tech stocks making new highs on an almost daily basis, the chart below demonstrates that 2019 was slightly more complicated than that. The best place to be, by a considerable margin, in the last third of 2019 was UK assets, a trend which accelerated following the election. We still feel the downside risk on some US assets is considerable but that doesn't mean we are not invested; just less so than the benchmarks.

2019 – The First Eight Months

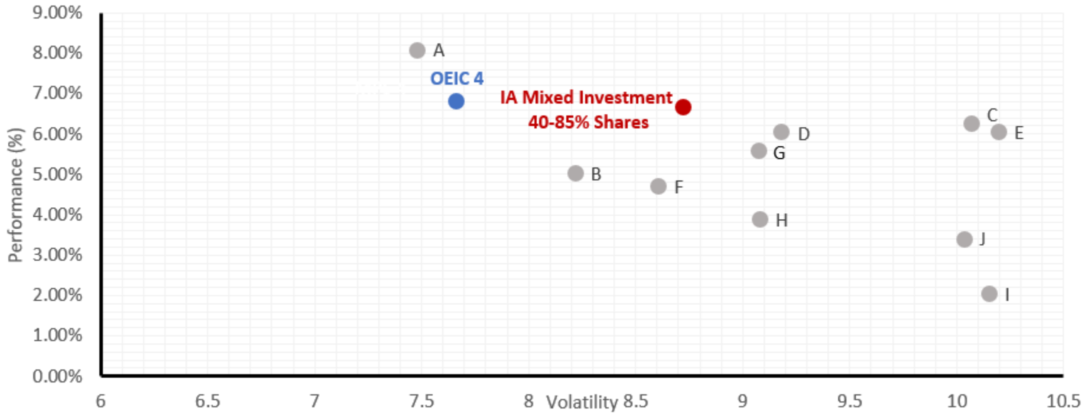


2019 – The Last Four Months



Although hard to accurately quantify, 2019 was one of our best years for underlying fund selection, especially in the European and Asian equity space. For multi asset investors, Q4 of 2018 and 2019 as a calendar year were diametrically opposed due, almost wholly, to the actions of the Federal Reserve. The risk/return chart (Fig2) shows the last fifteen-month period and captures both outcomes of the US Federal Reserve Jerome Powell's infamous pivot and its dramatic effects on markets. Given that we are longer term investors as opposed to those that purely trade 'Fed speak' or trade war tweets, this made it a tougher environment for us on a relative to benchmark basis. It was also a year that saw investments that took purely market risk (as measured by beta) perform relatively well. Despite this, and helped by fund selection, OEICs 1 and 6 were pretty much on benchmark over the year whilst OEICs 2 and 4 underperformed by approximately 1% and 2% respectively. We have mentioned many times about the ever-increasing weighting to US equities in the 40-85% share sector and this means that if gains (for whatever reason) are led by the US we will likely underperform on a relative basis. These US assets are trading at relative highs to their own history and to other geographies and we see it as a key part of our remit to underweight assets which are trading on this extremely elevated basis. As ever, it's down to individual advisers to decide how much risk they and their clients wish to take and in what circumstances. As markets have become ever higher on the fear of missing out and the various fear/greed sentiment indicators flash red, the narratives continue to build on why the rally is sustainable. We would agree that if central banks can remain effective then it's impossible to say how much is too much to pay for an asset but that remains the key question, can they remain (as) effective?

OEIC 4 Risk/Return Chart 1st October 2018 – 31st December 2019 (Fig2)



Key	Name	Performance	Annualised Volatility
	OEIC 4	6.79%	7.67
	IA Mixed Investment 40-85% Shares	6.65%	8.72
A	Vanguard LifeStrategy 60%	8.08%	7.48
B	Jupiter Merlin Balanced Portfolio	5.02%	8.22
C	Standard Life Myfolio Market IV	6.27%	10.07
D	Royal London Governed 4	6.03%	9.19
E	Tatton Blended Active	6.04%	10.20
F	Janus henderson Multi-Managed A	4.69%	8.61
G	Premier Multi Asset Growth and Income	5.60%	9.07
H	Standard Life Myfolio MM IV	3.88%	9.08
I	7IM Moderately Adventurous	2.04%	10.15
J	Quilter Investors - Cirilium Moderate Portfolio	3.40%	10.03

The Diminishing World of Diversifying Assets

Within our OEIC structure we can hold physical gold. This is something we have taken advantage of through the iShares Physical Gold ETC. The chart (Fig3) shows how this has benefitted us over the same fifteen-month period. Historically, the main drawback to gold was that it doesn't yield anything but with over £11 billion in negative yielding global debt, this is not currently an issue. One of gold's main advantages is its lack of correlation with other asset classes. This diversifying benefit has become increasingly hard to find as central bank policy forces up the price of all risk assets. This same diversification can mean that holding gold can be detrimental to overall performance and we had such a period between September and mid-December last year. Overall though we feel the benefits outweigh the costs, especially in light of both central bank and government economic policy; especially in the US. Additionally, gold is also a hedge against geo-political risks and we know these can often be dramatic and difficult to anticipate. 'Black swans' are not just a financial market phenomenon.

Gold Vs. Global Equities 1st October 2018 – 31st December 2019 (Fig3)

Pricing Spread: Bid-Bid • **Data Frequency:** Daily • **Currency:** Pounds Sterling

- A - iShares - Physical Gold ETC GBP in GB [25.69%]
- B - IA North America TR in GB [8.52%]
- C - IA Asia Pacific Excluding Japan TR in GB [7.88%]
- D - IA UK All Companies TR in GB [6.84%]
- E - IA Europe Excluding UK TR in GB [4.45%]

01/10/2018 - 31/12/2019 Data from FE fundinfo2020

2020, it's US election year and no outcomes should be ruled out

We won't waste anybody's time attempting to predict the direction of asset classes as there are already plenty of meaningless indices and stock guestimates. What we will do is summarise what we do know. We know that markets are floating on a sea of central bank liquidity, we know there is a super-hyped but largely inconsequential trade deal and we know that investors are excited that there may be no imminent recession. These first two points are potentially great for markets as they can be almost endlessly jawboned to keep market sentiment, and thusly markets, high. The third is a little trickier, recessions are factual but often calculated using lagging indicators and will likely be dealt with further down the line and not for now. We also must be mindful that it's election year. Every election these days is couched in phrases such as 'the most important election in a generation' but this one might just live up to the billing. If Trump loses, we could have some radically different economic policies with a populist twist. This will likely include some untested economics which could inevitably cause casualties, deserved or not. On the other hand, if Trump wins a second term, then we can expect some potentially more extreme policies than those in his first term. There will of course be implications for many sectors of the economy, both US and externally, as well as implications for the environment and foreign relations. We continue to believe that there has never been a better time for a well-diversified portfolio than in 2020, especially if the emphasis is on relatively defensive characteristics.

Ratio Definitions

Alpha - *Alpha is a measure of a fund's performance by comparison to its benchmark. It represents the return of the fund when the benchmark is assumed to have a return of zero and indicates the extra value a manager's activities have contributed: if the Alpha is 5, the fund has outperformed its benchmark by 5%. A further aspect of Alpha emerges when it is taken in conjunction with Beta. If a strong R-Squared correlation exists, the Beta will show how volatile the fund is compared to its benchmark and indicate how much extra risk the manager has taken on in order to get that high-Alpha performance. So, Alpha indicates better/worse performance compared with the index, whilst Beta shows higher/lower risk.*

Beta - *Beta is the estimate of a fund's volatility by comparison to its benchmark, i.e. how sensitive the fund is to movements in the section of the market that comprises the benchmark. A fund with a Beta close to 1 means that the fund will generally move in line with the benchmark. Higher than 1 and the fund is more volatile than the benchmark, so that with a Beta of 1.5, say, the fund will be expected to rise or fall 1.5 points for every 1 point of benchmark movement. It's important to stress that Beta is just an estimate: however, the stronger the R-Squared correlation between fund and benchmark, the more reliable this estimate becomes.*

Downside Risk- *Downside risk is a measurement which only considers negative returns. It is calculated as a downside deviation of returns below a specified Risk-Free Rate. It represents an estimation of a security's potential to suffer a decline in price in negative market conditions. It could be considered as an estimate of the potential loss on any investment.*

Information Ratio - *So called because it assesses the degree to which a manager uses skill and knowledge to enhance returns, this is a versatile and useful risk-adjusted measure of actively managed fund performance. It is calculated by deducting the returns of the fund's benchmark from the fund's overall returns, then dividing the result by its Tracking Error (which is a measure of the volatility of those excess returns). In this way, we arrive at the value, per unit of extra risk assumed, that the manager's decisions have added to what the market would have delivered anyway. The higher the Information Ratio the better. As ever, the R-squared between the fund and its benchmark must be strong if any discrete reliance is to be placed on the Information Ratio.*

Maximum Drawdown - *Represents the worst possible return over a period, e.g. buying at the maximum price over the period and selling at the worst.*

Maximum Loss - *Represents the worst running return over a period e.g. the longest running consecutive loss without making a gain*

R-Squared - *The R-Squared measure is an indication of how closely correlated a fund is to an index or a benchmark. It can be treated as a percentage, showing what proportion of a fund's movements can be attributed to those of the benchmark. Values for R-Squared range between 0 and 1, with 0 indicating no correlation at all, and 1, rarely, showing a perfect match. Values upwards of 0.7 suggest that the fund's behaviour is increasingly closely linked to its benchmark, whereas the relevance diminishes as R-Squared descends towards 0.5 and starts to disappear altogether below that. R-Squared is a key ratio, in that other measures of a fund's performance - such as Alpha and Beta - will have been calculated by reference to its benchmark. The weaker the R-Squared correlation, the more unsuitable the benchmark is, and the more unreliable these measures will be in assessing the fund.*

Sortino Ratio - *This ratio is similar to the Sharpe Ratio, using downside risk rather than standard deviation as the denominator. Thus, the Sortino Ratio is calculated by subtracting the risk-free rate from the return of the portfolio and then dividing by the downside deviation. The Sortino ratio measures the return to "bad" volatility thereby giving investors a measure to assess risk in a better manner than simply looking at excess returns to total volatility. A large Sortino Ratio indicates a low risk*

Volatility - *Standard deviation is a statistical measurement which, when applied to an investment fund, expresses its volatility, or risk. It shows how widely a range of returns varied from the fund's average return over a particular period. Low volatility reduces the risk of buying into an investment in the upper range of its deviation cycle, then seeing its value head towards the lower extreme. For example, if a fund had an average return of 5%, and its volatility was 15, this would mean that the range of its returns over the period had swung between +20% and -10%. Another fund with the same average return and 5% volatility would return between 10% and nothing, but there would at least be no loss. While volatility is specific to a fund's particular mix of investments, and comparison to other portfolios is difficult, clearly, for those that offer similar returns, the lower-volatility funds are preferable. There is no point in taking on higher risk than necessary in order to achieve the same reward.*

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