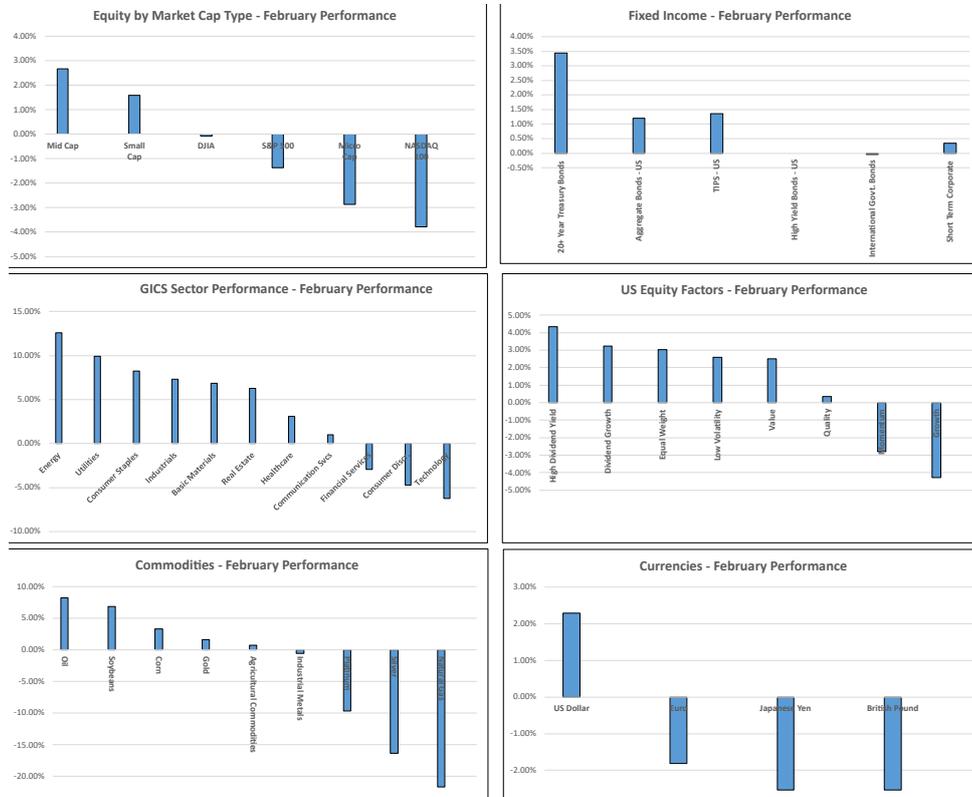


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Markets in a Glimpse

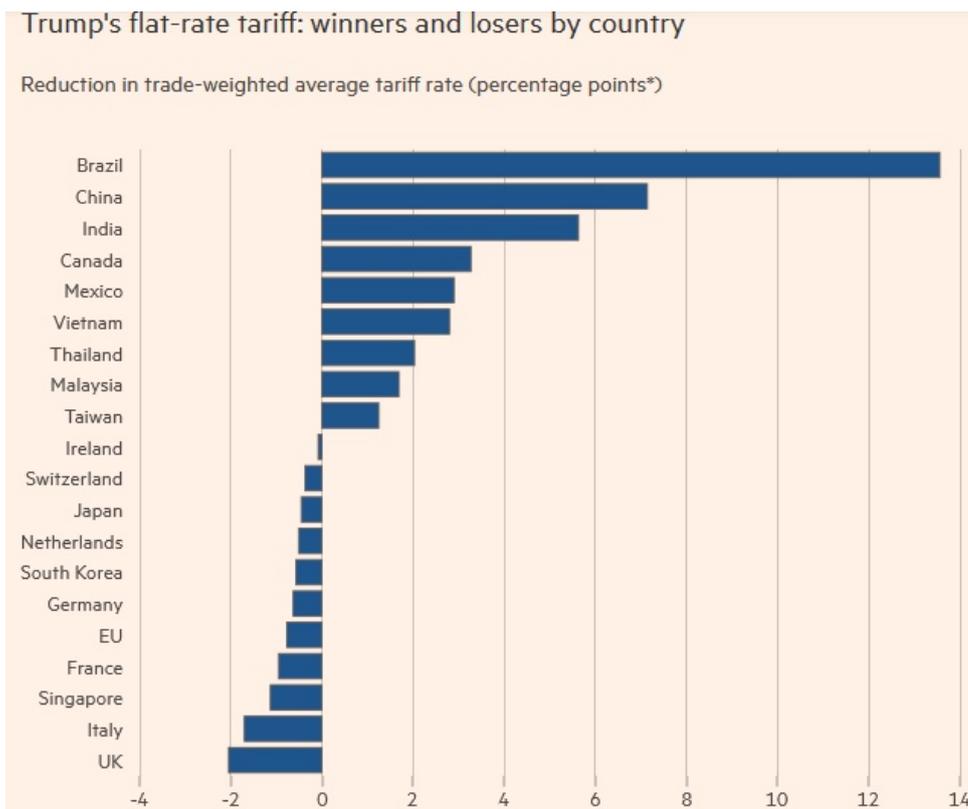
- **Rotation Toward the “Traditional Economy”:** Stock markets ended up the month in green with cyclical sectors as main leaders. Energy, materials, and industrials outperformed, while mega-cap technology lagged. International equities also outpaced U.S. markets. The shift reflected valuation dispersion, improving market breadth, and positioning adjustments.
- **Dividend was King:** Factor performance reinforced the rotation narrative with Dividend strategies materially outperforming Growth and Momentum, yet, Value’s relative underperformance versus Quality indicates a degree of investor caution, suggesting that sustained sentiment will likely depend on supportive economic data.
- **Revenge of the Tariffs:** After the U.S. Supreme Court struck down the prior tariff framework, President Trump imposed a temporary 15% global tariff, valid for up to 150 days without Congressional approval. The move has renewed policy uncertainty, heightened market volatility, and could disrupt the early-2026 rotation toward traditional economy sectors.
- **Gold and Oil Outperformed:** Gold extended its strong year-to-date performance, supported by diversification flows, geopolitical developments, and a softer U.S. dollar. Oil prices posted solid gains, driven by supply-side dynamics, and steady demand expectations.
- **Crypto Stabilizes After Early Volatility:** Major cryptocurrencies, including Bitcoin and Ethereum, stabilized following early-month volatility. Market activity reflected ongoing institutional engagement and continued development of regulatory frameworks.



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In-Depth Market Review

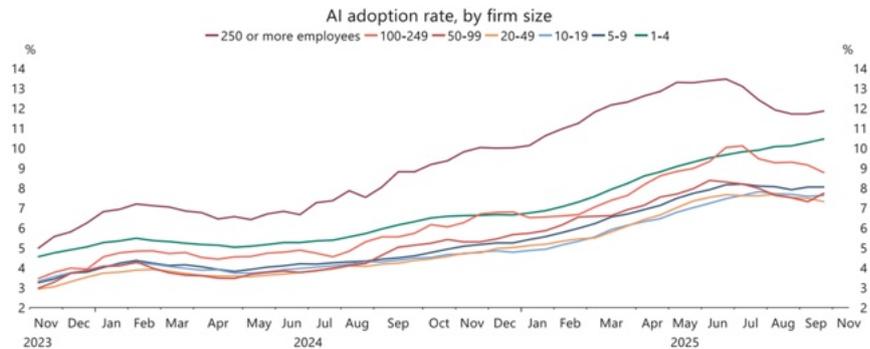
- Tariffs Are Back:** In February 2026 the U.S. Supreme Court ruled 6–3 that President Trump did not have the legal authority to impose sweeping global tariffs under the International Emergency Economic Powers Act (IEEPA) because that statute was meant for emergency sanctions, not broad import duties — and tariff power constitutionally belongs to Congress. In response, Trump announced a replacement tariff regime and immediately invoked Section 122 of the Trade Act of 1974 to impose a 15 % tariff on imports from all countries. This statute allows the president to levy tariffs of up to 15 % to address “large and serious balance-of-payments deficits.” This legal authority under Section 122 is temporary since the tariff can remain in effect for up to 150 days without further Congressional approval. After that period, Congress must act to extend it or the tariff would lapse unless re-authorized by statute. An analysis by the independent trade monitoring organization Global Trade Alert indicates that Brazil stands to benefit the most under the revised tariff framework, with its average tariff rate declining by 13.6%, followed by China with a 7.1%. In contrast, long-standing U.S. allies (UK, the EU, and Japan) are expected to face the greatest increase in effective tariff burdens.



- Large Cap Tech Correction Triggered by AI Adoption Slowdown:** Undoubtedly, AI adoption has advanced far more rapidly than previous technology waves. However, adoption has largely stalled over the past six months, as the first chart illustrates. Greater scale has not translated into faster uptake, largely because entrenched corporate cultures, particularly in large enterprises, remain resistant to change, as shown in the next chart. This cultural inertia

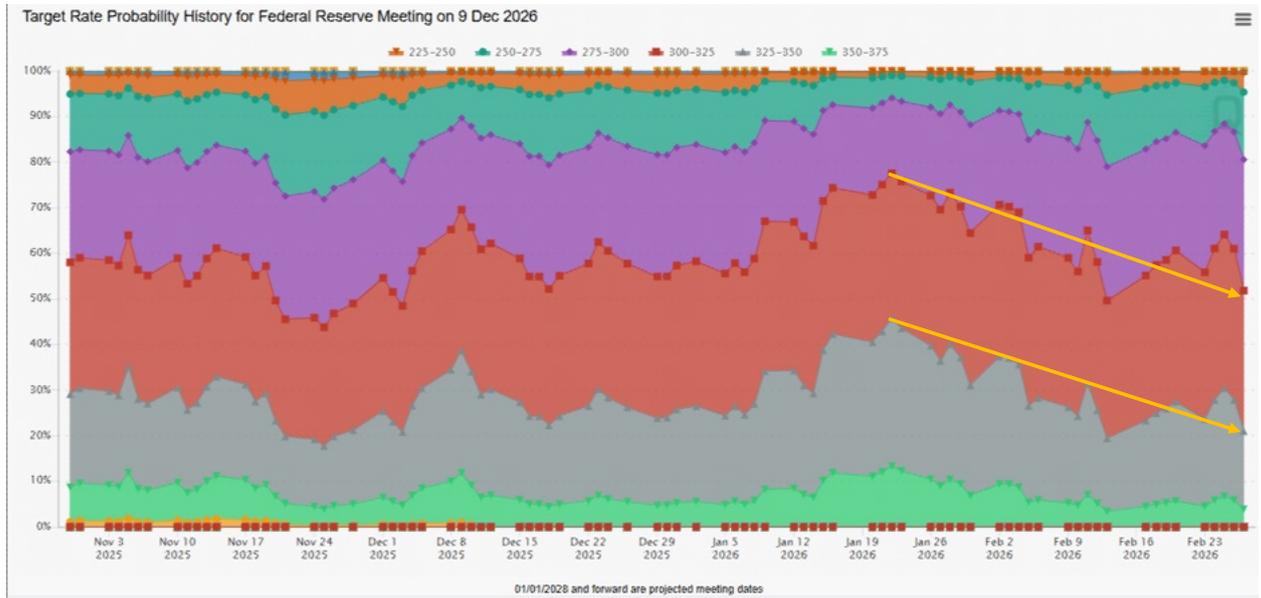
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is reflected in weak technological implementation, limiting the realization of expected outcomes, as highlighted in the second chart. These dynamics point to a mix of insufficient GenAI-ready skills and persistent resistance to change, reminiscent of the early adoption phase of data science more than a decade ago. Looking ahead, the next three years will be decisive in determining which organisations successfully transform their cultures, upskill employees in GenAI, and capture the productivity gains outlined earlier. Ultimately, willingness to change will matter more than further advances in agentic workflows or new generations of LLMs. These factors also help explain the recent AI-related selloff in markets. While investor enthusiasm drove AI-linked valuations to elevated levels, slower adoption and delayed benefits have forced a repricing of growth expectations. The selloff reflects not diminished belief in AI's long-term potential, but a recognition that real-world implementation is slower and more complex than the prevailing narrative implied.

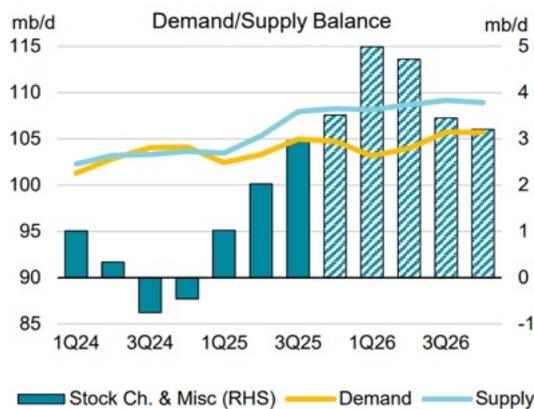


- Fed Rate Cut Expectations Recalibrated:** Implied market expectations for Federal Reserve policy easing have moderated notably over the course of February. In early February, futures markets were pricing in a relatively high probability of the first rate cut by mid-year, with roughly two cuts anticipated over the course of 2026. However, firmer labor market data, resilient economic activity, and inflation readings that remain above target have led investors to recalibrate expectations. The probability of a near-term cut has declined significantly, with markets now assigning low odds to an imminent move and pushing the most likely timing toward mid-year at the earliest. Overall, pricing now reflects a shallower easing path, with one to two cuts expected in 2026 rather than the more front-loaded scenario implied at the start of the month.

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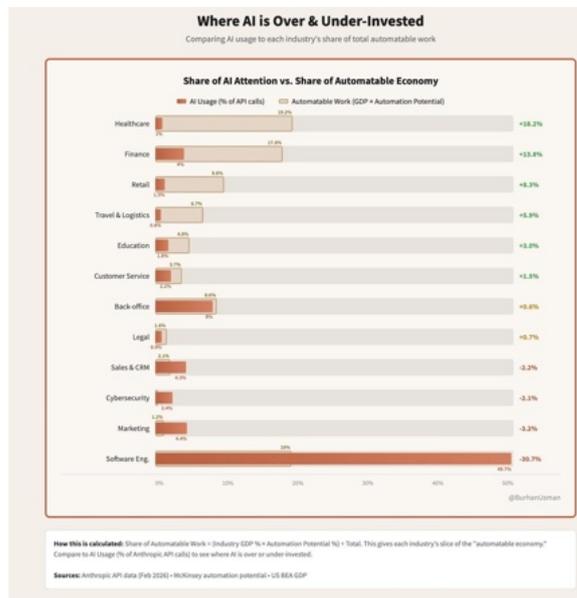


- Oil Structural Oversupply Meets Geopolitical Volatility:** Oil prices declined throughout 2025 due to weaker-than-historical demand growth and a sharp increase in supply, particularly from the Americas and OPEC+ producers unwinding production cuts. This imbalance left the market entering 2026 with a meaningful supply surplus. In February 2026, Brent crude has remained supported in the low-\$70s by geopolitical tensions - especially concerns surrounding Iran and potential disruptions in the Strait of Hormuz - but underlying fundamentals continue to reflect ample supply. While short-term volatility persists, the broader structural trend for 2026 remains biased to the downside as the chart below highlights, unless a material supply disruption alters the balance.



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- AI Uncharted Opportunities:** As the chart illustrates, AI activity today is not evenly distributed across the economy. Instead, it clusters in sectors that are already highly exposed to digital tools and experimentation. Marketing stands out as an area drawing disproportionate attention relative to its economic weight, reflecting how quickly generative AI can be applied to content-heavy workflows. By contrast, industries such as healthcare - large, complex, and deeply embedded in the real economy - show far lower levels of AI usage despite containing vast amounts of structured, knowledge-intensive work. The clearest opportunities, therefore, do not appear to lie in domains that are already saturated with pilots and tooling. They lie in economically significant sectors where meaningful portions of work are cognitive, process-driven, and theoretically automatable, yet where adoption remains early. The gap between economic importance and current AI penetration is where the most durable and underappreciated opportunities are likely to emerge.



- Buy the Dip Does Not Beat Buy-and-Hold: Updated** "Buy-the-dip" (BTD) has become a popular investment mantra over the past five years, reinforced by episodes such as the Covid-19 sell-offs and the more recent "Liberation Day" correction. However, empirical evidence suggests that BTD strategies do not consistently outperform a simple buy-and-hold approach. Because BTD typically runs counter to prevailing momentum, it introduces a structural headwind to performance. Historical results indicate that investors seeking to add value through market timing are generally better served by aligning with momentum - following the trend - rather than systematically buying into weakness. A further challenge is that BTD strategies tend to underperform during prolonged market downturns, precisely when investors are least able to absorb additional risk. The chart below plots Sharpe ratios on the vertical axis against combinations of sell-off depth and duration, with bar colours distinguishing different holding periods. For example, the first bar represents a strategy that buys the S&P 500 following a 5% decline over one week, holds the position for one month, and then exits. While certain depth-and-holding-period BTD combinations may appear attractive when selectively examined (e.g., a 10% decline over one week with a three-month

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holding period), such results are more indicative of data mining than of robust investment efficacy. On average, performance across BTD combinations falls short of the Sharpe ratio achieved by a buy-and-hold investment in the S&P 500. In other words, while BTD strategies may generate exceptional returns in rare, extraordinary historical episodes, they do not appear to constitute a robust systematic investment strategy.



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MG's Message to Investors

- February marked a clear rotation in market leadership. U.S. equities advanced, but gains broadened beyond mega-cap technology into value and cyclical sectors AKA traditional economy sectors. Energy, materials, and industrials led performance, while technology lagged and small- and mid-caps outperformed large caps. International markets surpassed U.S. benchmarks, supported by commodity strength and currency tailwinds. Defensive sectors such as utilities and consumer staples also delivered solid returns.
- Rate-cut expectations were recalibrated as macro data remained resilient. Stronger-than-expected macro data and new tariff uncertainty pushed expectations for the Fed easing further into mid-year, reducing the likelihood of near-term cuts. As a result, long-duration Treasuries posted gains, credit spreads remained stable, and the U.S. dollar softened modestly. Gold extended its advance, while oil prices strengthened on supply discipline and geopolitical risk premiums, reinforcing the shift toward real assets and cyclical exposure.
- As March starts, MG highlights the following tactical views for the short term:
 - Equities: The model has moved to an overall overweight position in equities, with the exception of U.S. Large Caps, particularly Value-oriented strategies. Positioning has rotated toward U.S. Small- and Mid-Cap equities, as well as European and Emerging Market exposures, to capitalize on prevailing momentum dynamics.
 - Fixed Income: Allocation has shifted to a moderate overweight stance, with a preference for higher credit quality and lower duration. The model has increased exposure to Investment Grade corporate bonds while reducing long-duration sovereign holdings, partially realizing gains accumulated over recent rebalancing periods.
 - Alternatives: Overall risk exposure within Alternatives has been reduced to underweight, with Gold remaining the sole overweight position in light of ongoing tariff uncertainty and heightened geopolitical risks. The model retains a cautious outlook on oil, reflecting supply-side pressures and persistent inventory overhang concerns.
 - Outlook and Strategy: These positioning shifts are tactical in nature and will be reassessed as incoming economic data, policy developments, and market dynamics evolve.
- MG reminds its investors about the importance of disciplined risk management, reaffirming the necessity of adopting a cautious, data-driven methodology focused on achieving long-term performance objectives. In this way, MG remains steadfast in its commitment to diligently monitor financial markets and actively adjust risk exposures in alignment with shifting market dynamics. The primary recommendation emphasises the preservation of a fully diversified portfolio, ensuring its structural integrity by refraining from imprudent exposure to risks or opportunities that may appear excessively favourable or unsustainable.

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MG Investment Solutions Taxonomy

- **MG ETF Asset Allocation Portfolios:** Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
- **MG ETF High Income Portfolio:** A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
- **MG Sector:** An actively managed ETF strategy designed to deliver high–single-digit annualized returns over the long term through a concentrated sector rotation approach. The portfolio invests exclusively in liquid, U.S.-listed ETFs that provide targeted exposure to GICS sectors, and using a dynamic, machine-learning-based quantitative model developed to address the limitations of traditional factor strategies.
- **MG Opp Portfolio:** An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
- **MG Opp Dividend Portfolio:** An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks with a dividend yield significantly higher than the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
- **MG Emerging Technologies (MGET):** A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
- **MG Blockchain (MGBLOCK):** A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.

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MG Solution	Short	Asset Class	Description
MG Asset Allocation ETF	<i>MGAA</i>	Multi-Asset Class	Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
MG High Income ETF	<i>MGHI</i>	Fixed Income	A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years
MG Sector ETF	<i>MGS</i>	Equity	An actively managed ETF strategy designed to deliver high-single-digit annualized returns over the long term through a concentrated sector rotation approach. The portfolio invests exclusively in liquid, U.S.-listed ETFs that provide targeted exposure to GICS sectors, and using a dynamic, machine-learning-based quantitative model developed to address the limitations of traditional factor strategies.
MG Opp	<i>MGOP</i>	Equity	An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies
MG Opp Dividend	<i>MGOD</i>	Equity	An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks that prioritize a dividend yield approximately three to four times higher than that of the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the medium to long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
MG Emerging Tech	<i>MGET</i>	Equity	A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
MG Blockchain	<i>MGBLOCK</i>	Equity & Crypto ETF	A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.