

A black and white photograph of two mountain goats with large, curved horns standing on a dark, layered rock face. The goats are positioned in the upper right quadrant of the image. The rock face shows distinct horizontal and vertical geological strata.

CG Asset Management

Q2 Webinar

July 2025

cgam

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Overview

Funds Summary

Strategy	Fund	ISIN	Launched	AUM ⁶	Dealing Frequency	AMC Fee	TER
Absolute Return Long only investments in a portfolio of bonds, equities and commodities	Capital Gearing Trust	GB0001738615	1982 ¹	£847m	Listed	0.41% ³	0.55%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£689m	Daily	0.35%	0.46%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£231m	Daily	0.75%	0.87%
Real Return Long only investments in index linked bonds	CG Real Return Fund (GBP Hedged available)	IE0034304117	2004	£201m	Daily	0.30% / 0.20% ⁴	0.42%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£461m	Daily	0.25% / 0.15% ⁵	0.37%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£22m	Daily	0.15%	0.31%

¹ Peter Spiller began managing Capital Gearing Trust in 1982; ² Capital Gearing Trust is an Investment Trust listed on the London Stock Exchange, all other funds are Open Ended UCITS domiciled in Dublin; ³ Tiered fee structure, marginal rate is 0.3% above £500m; ⁴ 0.3% below £500m, 0.2% above; ⁵ 0.25% below £1bn, 0.15% above; ⁶ As of 30th June 2025

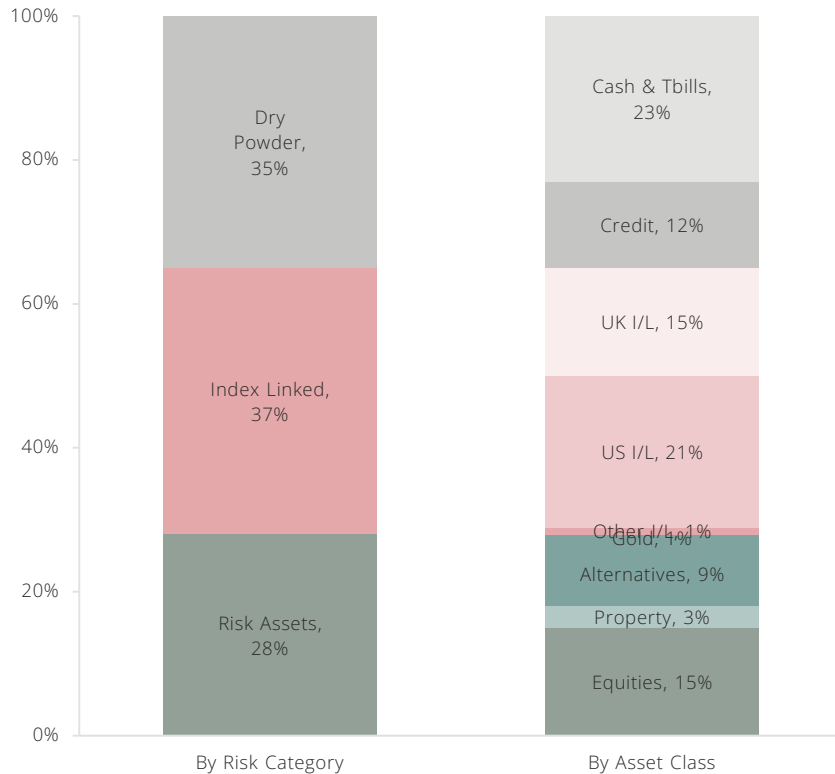
Positioning and Returns

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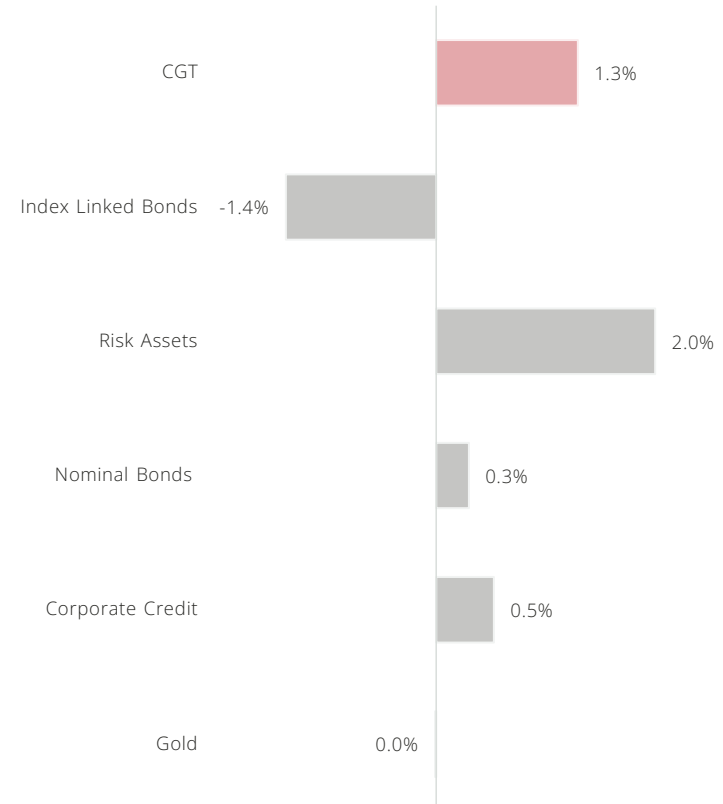
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Positioning is defensive, with a focus on inflation protection

CGT Asset Allocation June 2025



Contribution by Asset Class – Quarter Ending 30 June 2025



NAV performance net of fees

Source: CGAM, Bloomberg Finance L.P., Northern Trust

Both equity and bond portfolios have contributed to outperformance

CGT Risk Assets Returns Performance to June 2025¹



CGT Bonds Only Returns Performance to June 2025¹



¹Risk Assets include equities, property, alternatives and gold. Bonds include credit and sovereign bonds (excluding T-Bills and cash), start period reflects the longest period available for CGT under Bloomberg AIM
Source: Bloomberg Finance L.P., Northern Trust

Beneath the surface, we have been furiously paddling



Sterling short rates

- Sterling short rates remain 'higher' for longer'.
- At positive real yields, we intend to lock these rates in for as long as possible.
- We achieve this exposure through T-Bills, hedged government bonds, and short-dated corporate credit.



Currency

- Our multi-asset funds have their highest allocation to sterling for some time.
- Risk sentiment and outflows from dollar assets have provided substantial downward momentum.



Index-linked bonds

- Values in index-linked markets are attractive.
- Developed market yield curves are much steeper, providing compensation for duration.
- Focused exposure to US and UK.

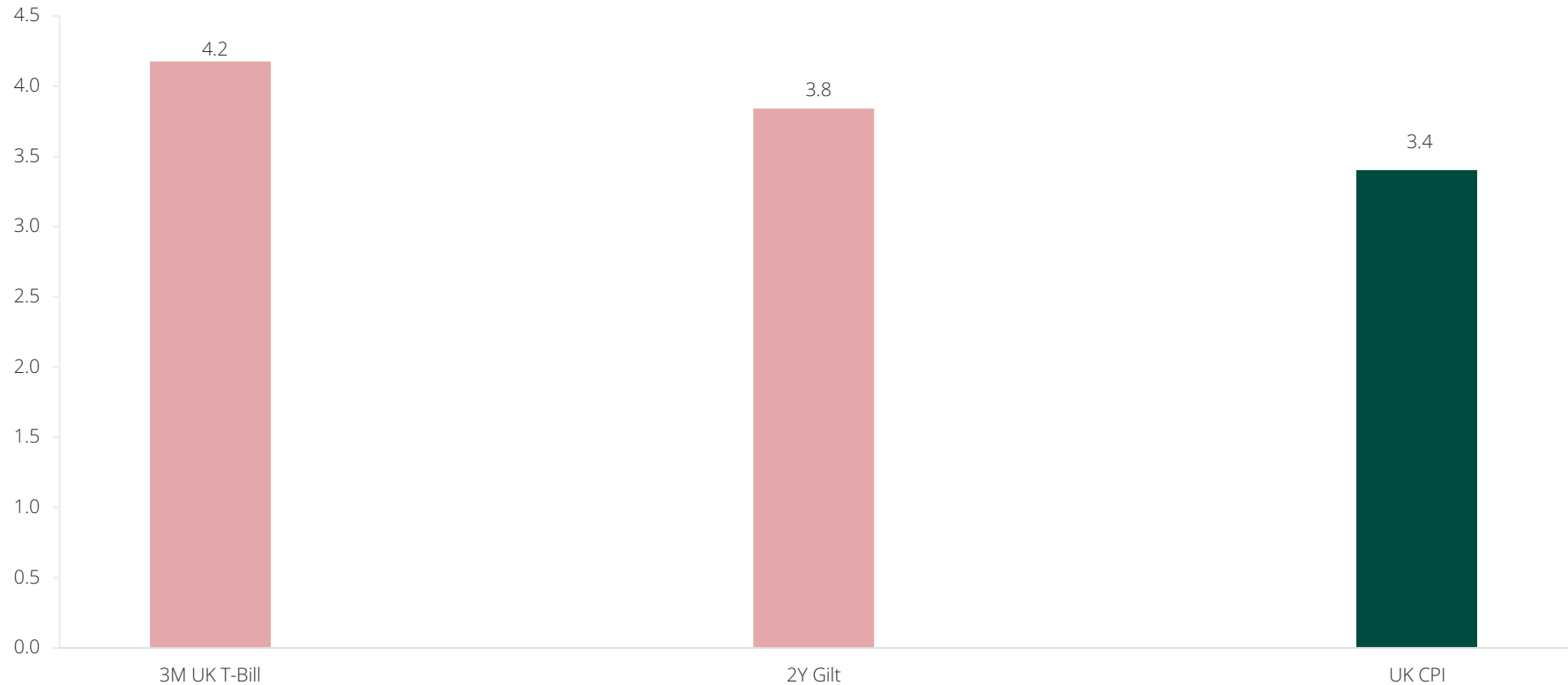


Investment trusts

- Investment trust discounts remain wide.
- Equity trusts have several catalysts for rerating.
- Listed alternatives have seen a pickup in strategic reviews and wider M&A as a means of realising value for shareholders.

UK short rates are an attractive place to park capital in volatile markets

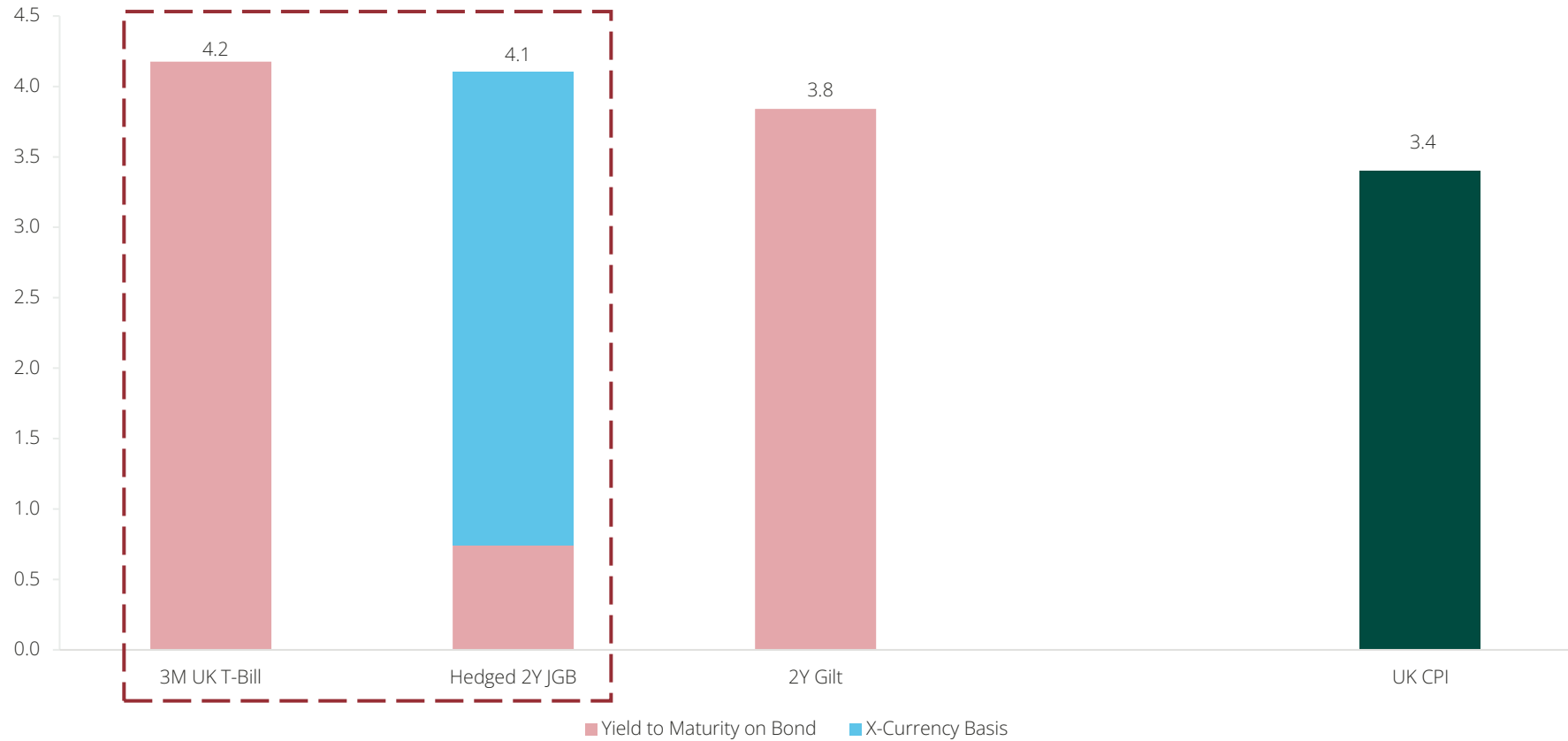
UK short-term interest rates vs. CPI (%)



Source: Bloomberg Finance LP, CGAM calculations.

UK short rates are an attractive place to park capital in volatile markets

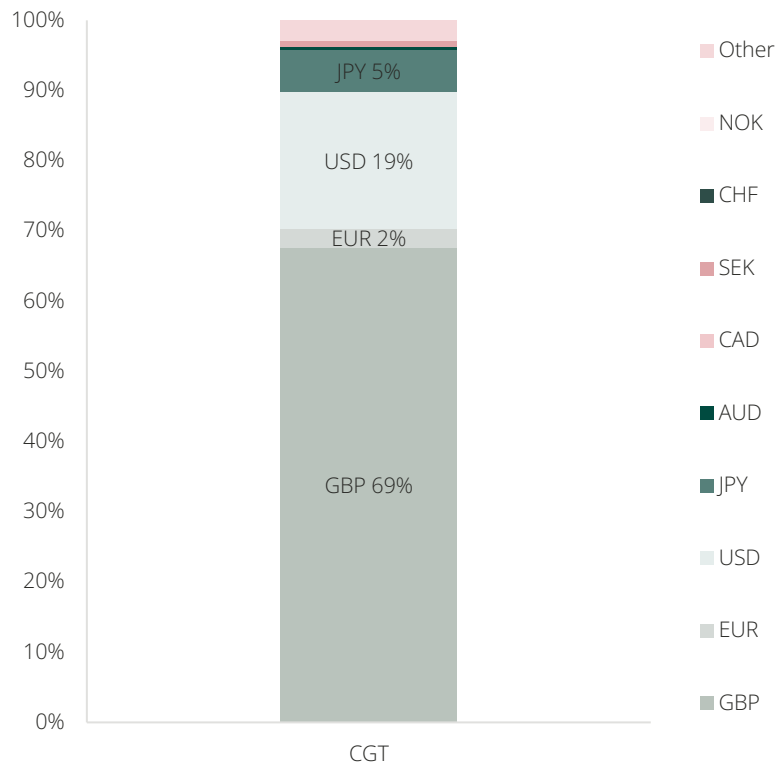
UK short-term interest rates vs. CPI (%)



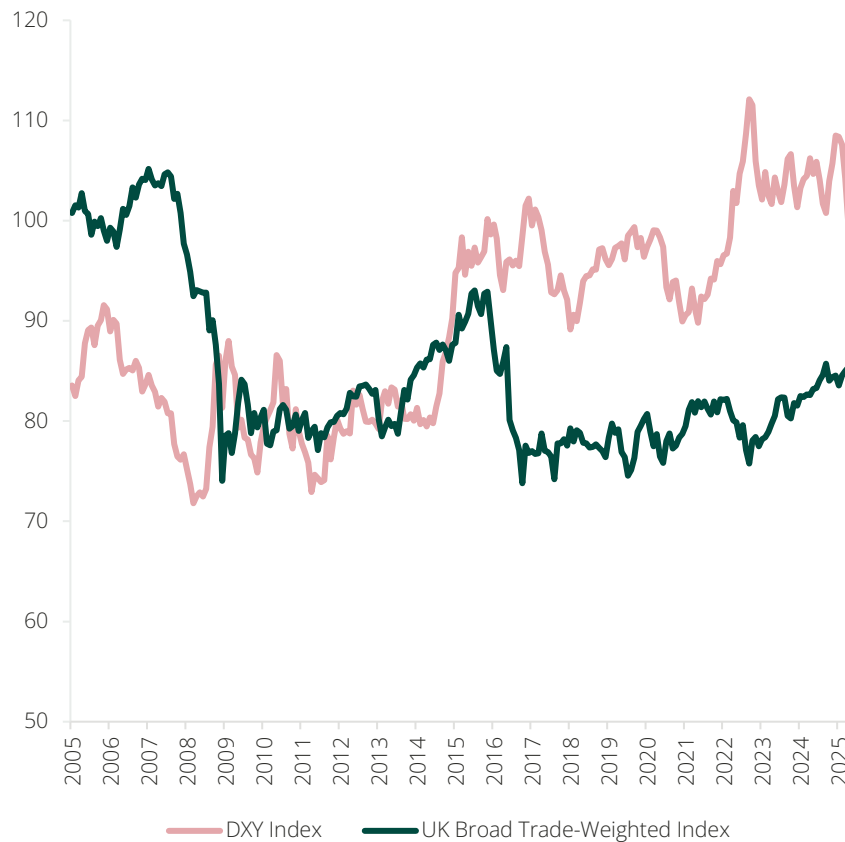
Source: Bloomberg Finance LP, CGAM calculations.

We have pivoted our currency exposure further towards sterling

CGT Currency Breakdown



USD and GBP Currency Indices

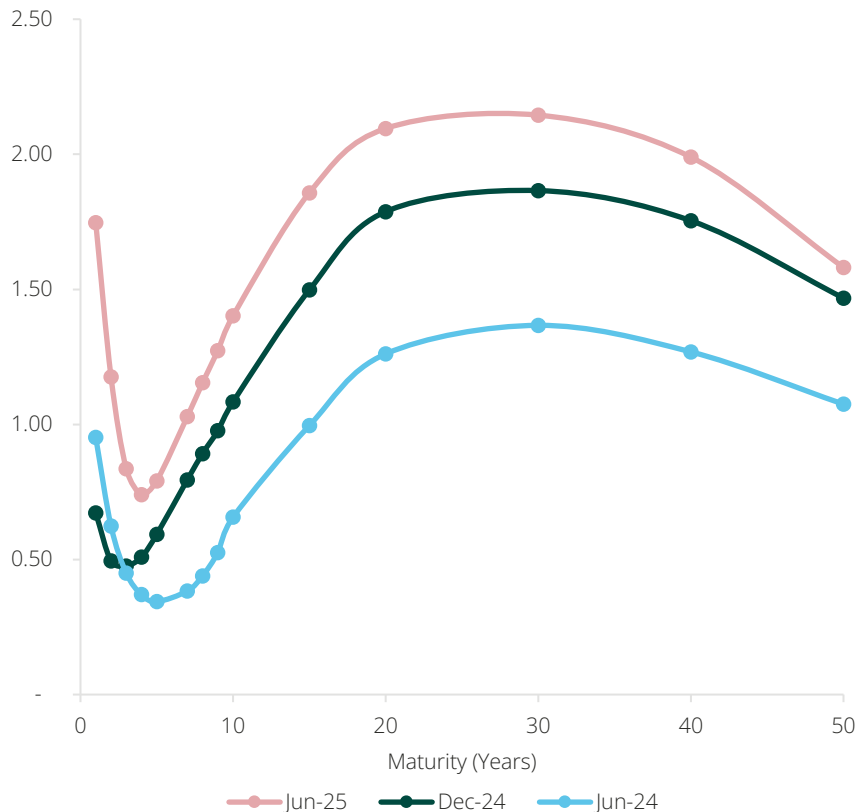


Source: Bloomberg, Northern Trust

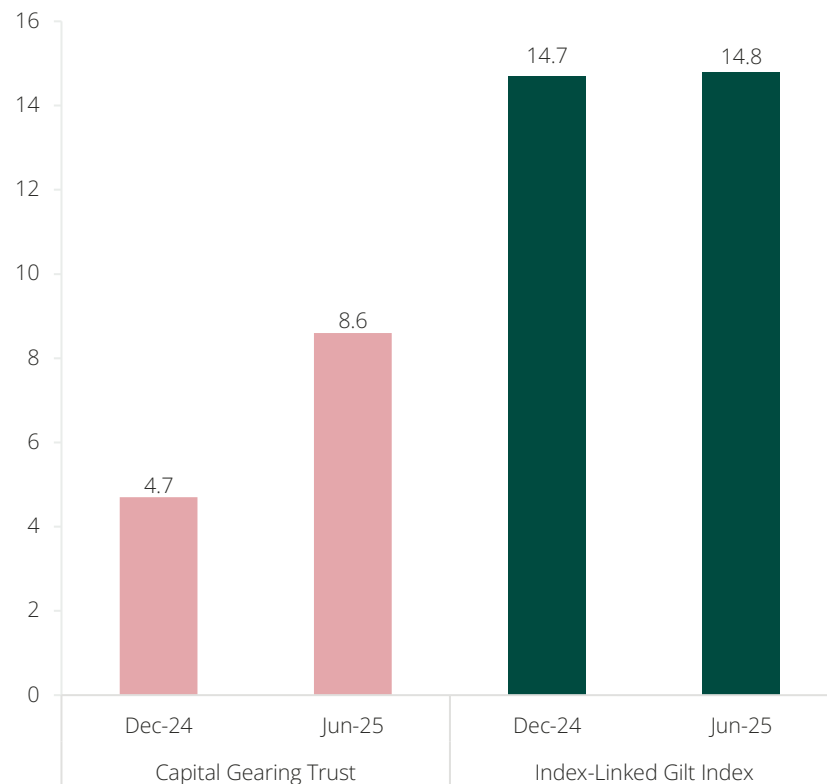
Positioning and Returns

We are responding to better values in index-linked bond markets, but are mindful of concerns about the long end

UK real yield curve (%)



CG multi-asset fund positioning (duration, years)

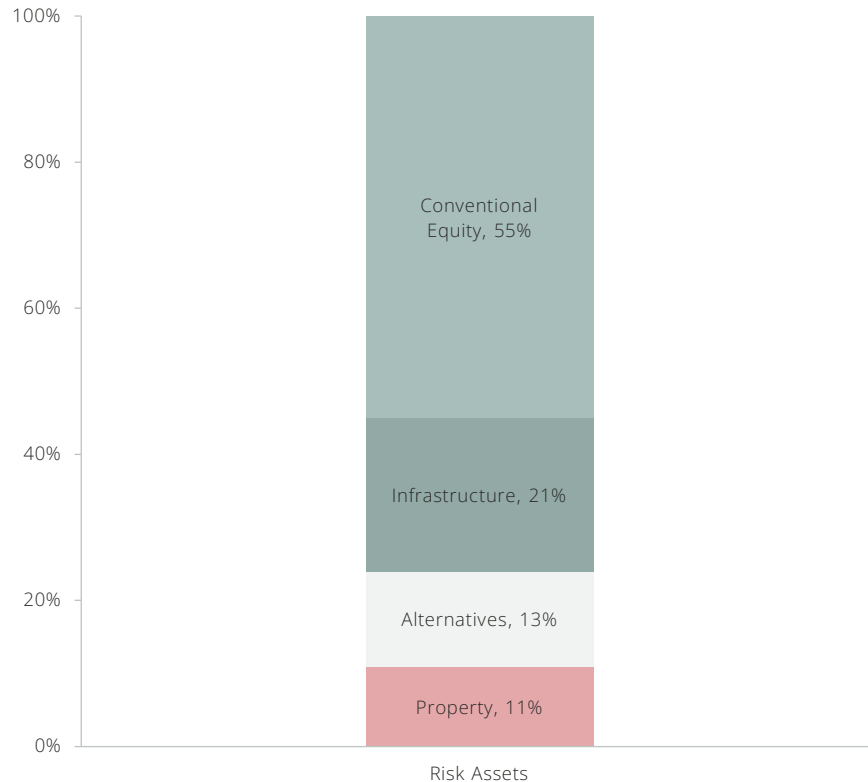


Source: Bloomberg, Northern Trust

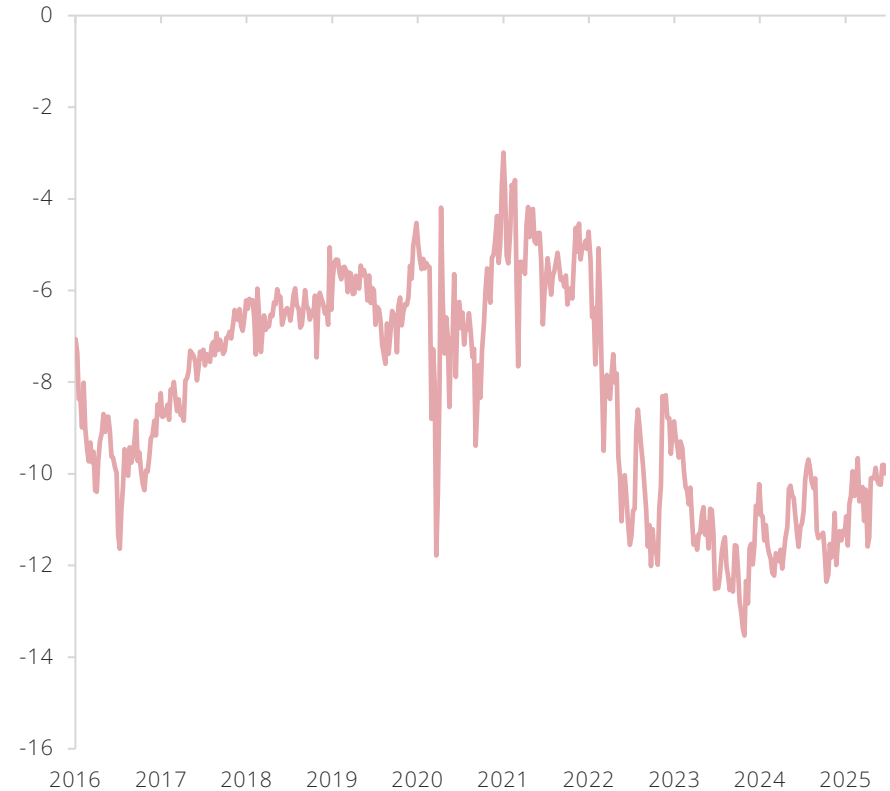
Positioning and Returns

Investment trust discounts remain attractive, and this asset class makes up the bulk of our risk asset allocation

Breakdown of CGT's risk assets



Equity investment trust discounts (% of NAV)



Source: Bloomberg, Northern Trust

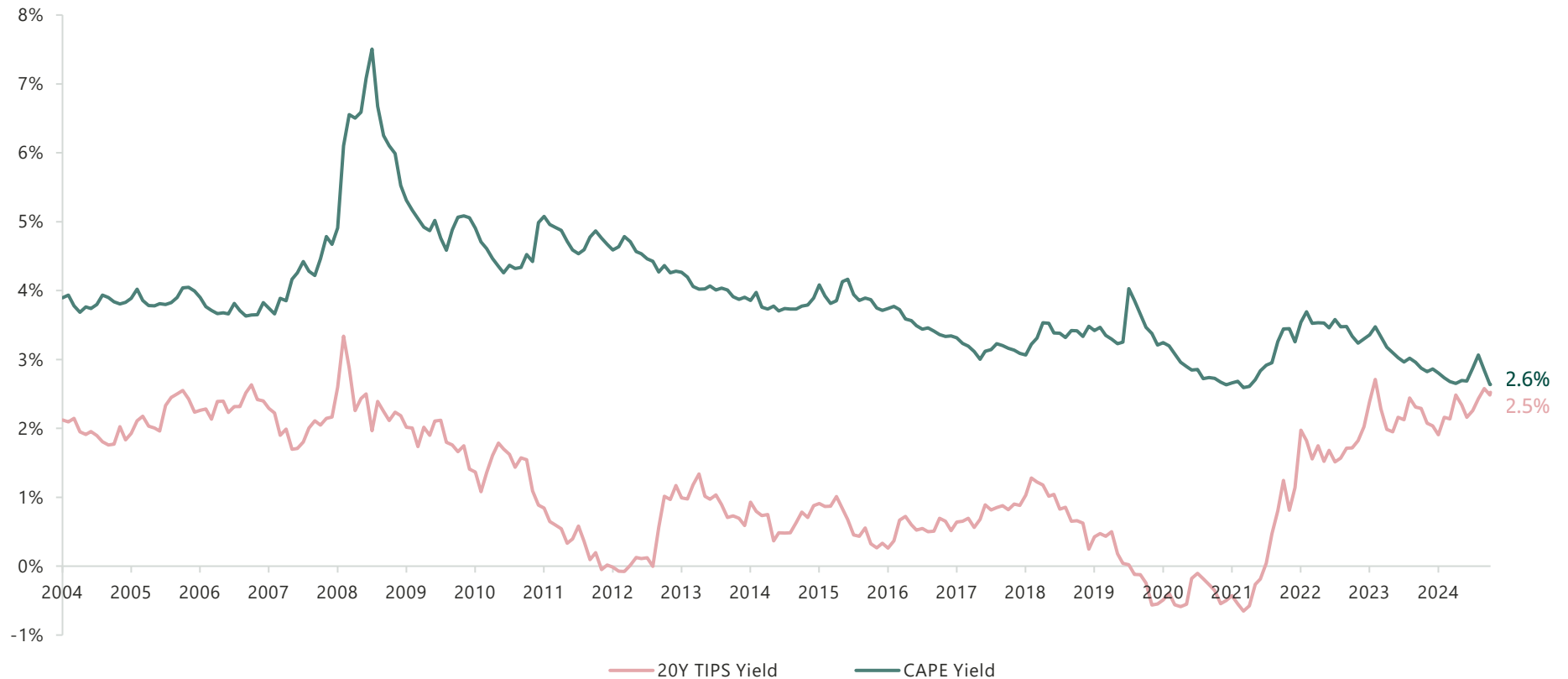
Outlook

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Outlook

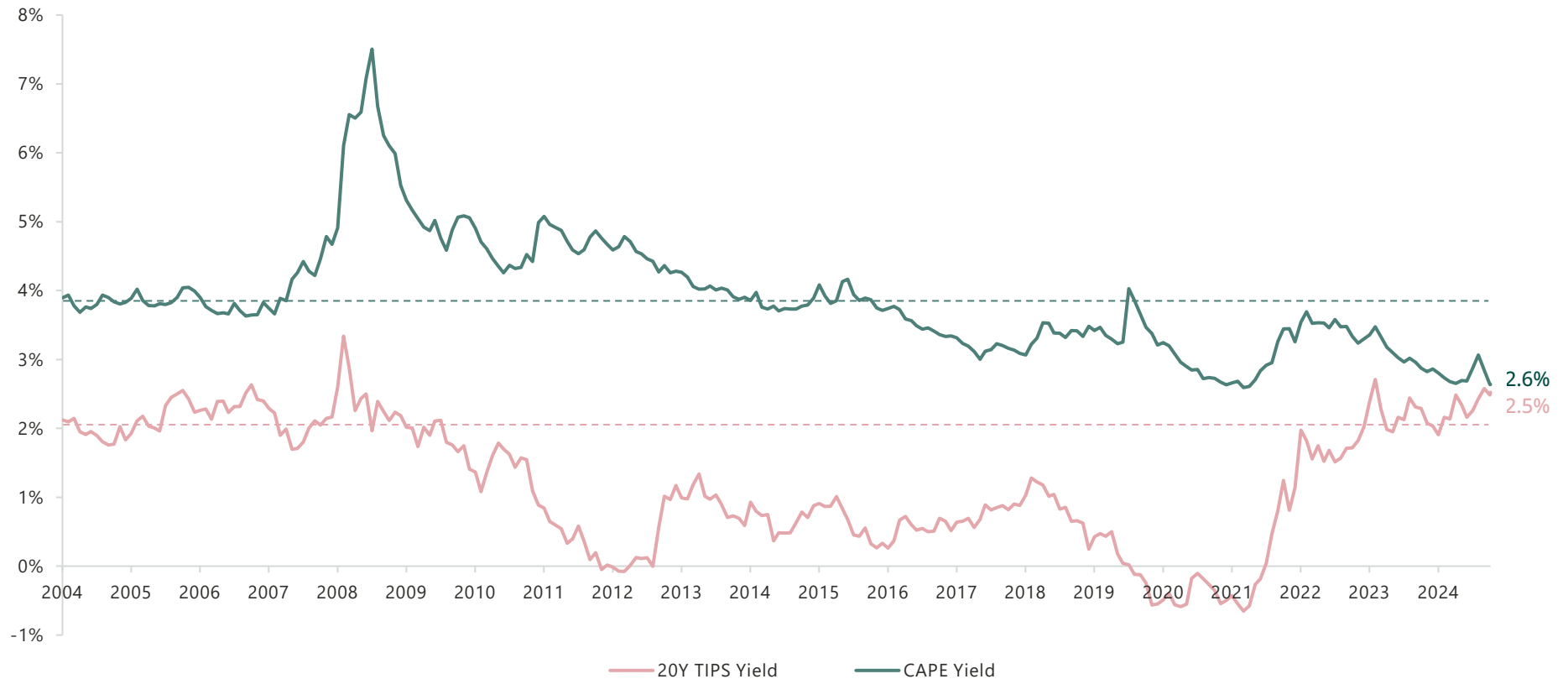
A tale of two markets...



Sources: Bloomberg LP, Robert Shiller database.

Outlook

A tale of two markets...



Sources: Bloomberg LP, Robert Shiller database.

Outlook

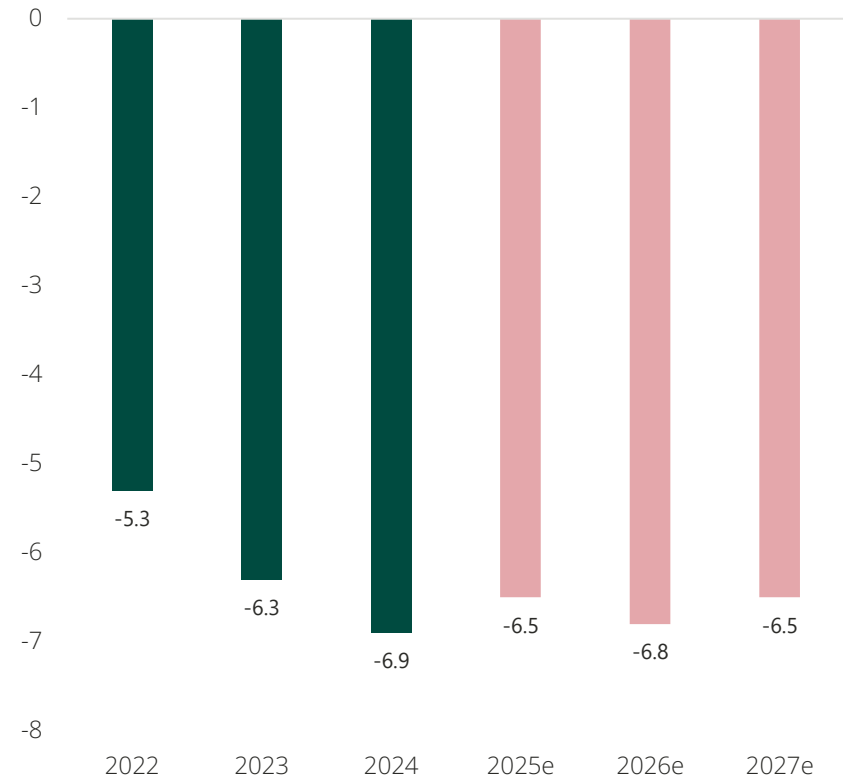
The Big Beautiful Bill ensures deficits as far as the eye can see

Elon Musk's Verdict on the BBB

"This massive, outrageous, pork-filled Congressional spending bill is a disgusting abomination. Shame on those who voted for it: **you know you did wrong.**

You know it."

US Forecast Fiscal Balance (% of GDP)



Source: Bank for International Settlements, Bloomberg Finance LP.

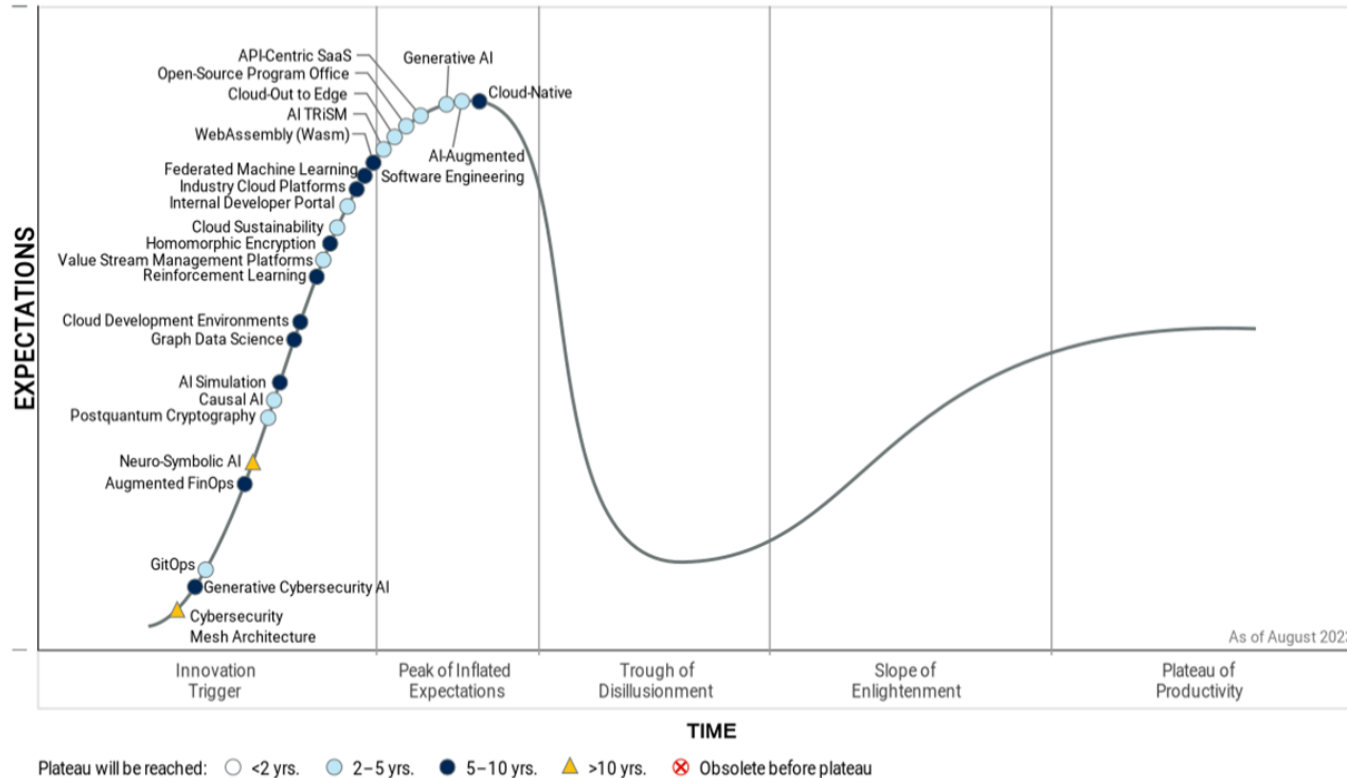
An aerial photograph of a desert landscape, featuring a large, dark, circular crater in the center. The surrounding terrain is composed of sand dunes and ridges, with varying shades of brown and tan. The lighting creates strong shadows, highlighting the textures of the sand and the ruggedness of the crater's rim.

“You are going to see a **crack in the bond market**.
It is going to happen. I just don’t know if it is going to be
a crisis in **six months or six years.**”

JAMIE DIMON (JUNE 2025)
Chief Executive Officer, JP Morgan Chase

Outlook

Are the equity vigilantes waiting with clubs in the trough of disillusionment?



Gartner.

Source: Gartner.

Outlook

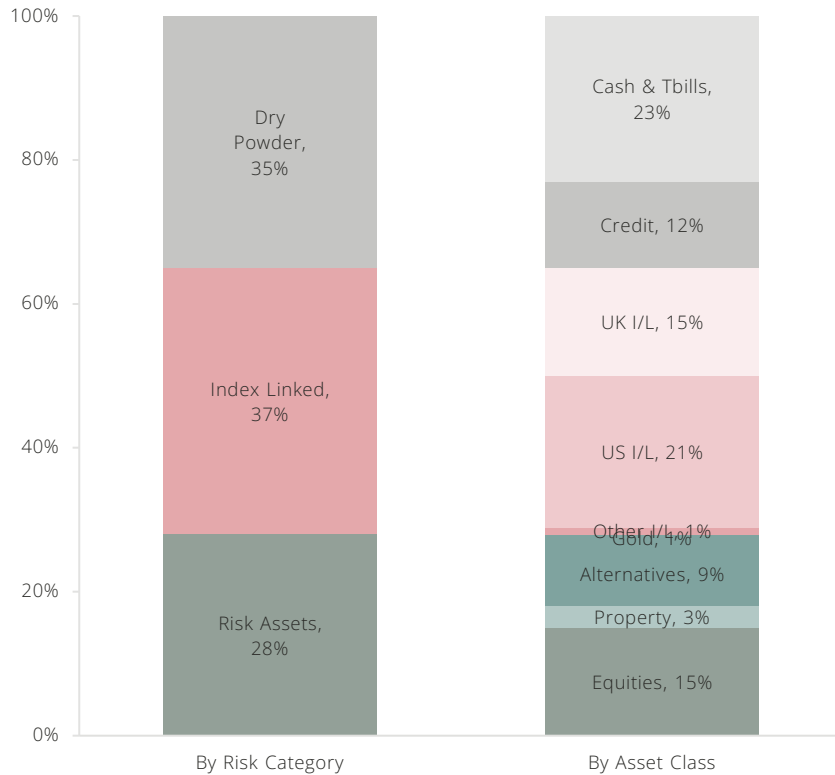
Few doubt the risk of conflict escalation



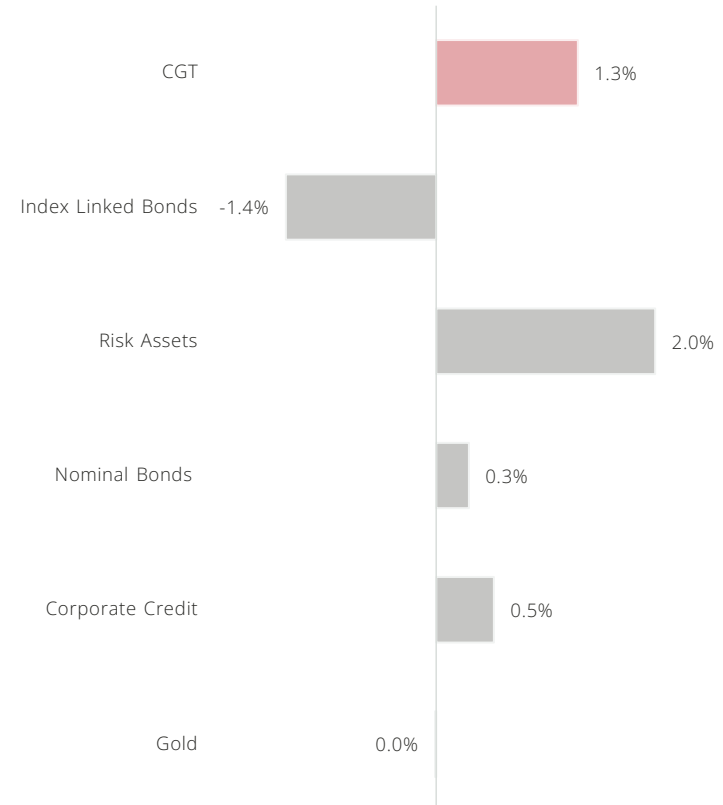
Source: AOL.

Positioning is defensive, with a focus on inflation protection

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NAV performance net of fees

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IR@cgasset.com

+44 (0)203 906 1649

20 King Street, London, EC2V 8EG

www.cgasset.com

cgam