

CG Asset Management

Q3 2023 Webinar

October 2023



cgam

Disclaimer

CG Asset Management Limited (“CGAM”) is authorised and regulated by the Financial Conduct Authority to carry on regulated activities in the United Kingdom. CGAM is the appointed investment manager of Capital Gearing Trust Plc (the “Company”).

The information contained in this Document has been prepared by and is the sole copyright of CGAM.

No representation is being made that the Company or any other Company or account will or are likely to achieve profits or losses similar to those shown and, as with any investment, there is a possibility of profit as well as the risk of loss. Past performance is not indicative of future results.

The information contained in this Document is not investment, tax, accounting or legal advice and does not take into consideration the investment objectives, financial situation or particular needs of the recipient. Investing entails certain risks, including the possible loss of the entire principal amount invested. The recipient of this Document should seek its own financial, tax, accounting and legal advice in connection with any proposed investment.

No representation or warranty is made or given by CGAM or any of its members, officers, employees or affiliates as to the accuracy, completeness or fairness of the information contained in this Document. No responsibility or liability is accepted for any such information. The information in this Document has not been independently verified and is subject at all times to the conditions, caveats and limitations described in this Document. All opinions, projections and estimates constitute the judgment of CGAM as of the date of this Document and are subject to change without notice. The delivery of this Document at any time subsequent to the date of this Document will not under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date. No reliance may be placed for any purpose whatsoever on the information contained in this Document or on its completeness. Any risk guidelines referred to herein are internal risk guidelines and are subject to change by CGAM without notice to investors

This Document is not intended to be distributed in any jurisdiction where such distribution is not permitted by the local law. Without prejudice to the generality of the foregoing, this document is not intended, and should not be construed as, marketing of any investment products for the purposes of any legislation implementing EU Directive 2011/61/EU on Alternative Investment Fund Managers in any member state of the EEA.

The information contained in this Document has not been approved by the UK Financial Conduct Authority or any other regulatory authority, nor has any regulatory authority passed upon the accuracy or adequacy of this Document.

Overview

CGAM Team

Investments & IR



Peter Spiller

Co - Chief Investment Officer



Alastair Laing

CEO, Fund Manager



Chris Clothier

Co - Chief Investment Officer



Hassan Raza, CFA

Investment Manager



Emma Moriarty

Investment Manager



Lydia Groves

Investor Relations



Chris Taylor

Chief Operations Officer



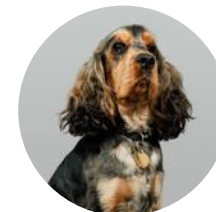
Jason Barlow

Senior Operations Manager



Sasaan Keshmand

Data Analyst



Finn

Chief Morale Officer



Richard Goody

Senior Compliance Officer



Sindy Somander

Finance & Reporting Manager

Operations

Risk & Compliance

Outlook

cgam

Outlook

The US economy appears to be operating beyond full employment and has been doing so for some time

Actual vs. Potential Real GDP Growth



Source: US Congressional Budget Office.

Outlook

Yields have risen considerably and financial conditions are now very tight

US 10-year real yield vs. Federal Reserve estimate of r^*

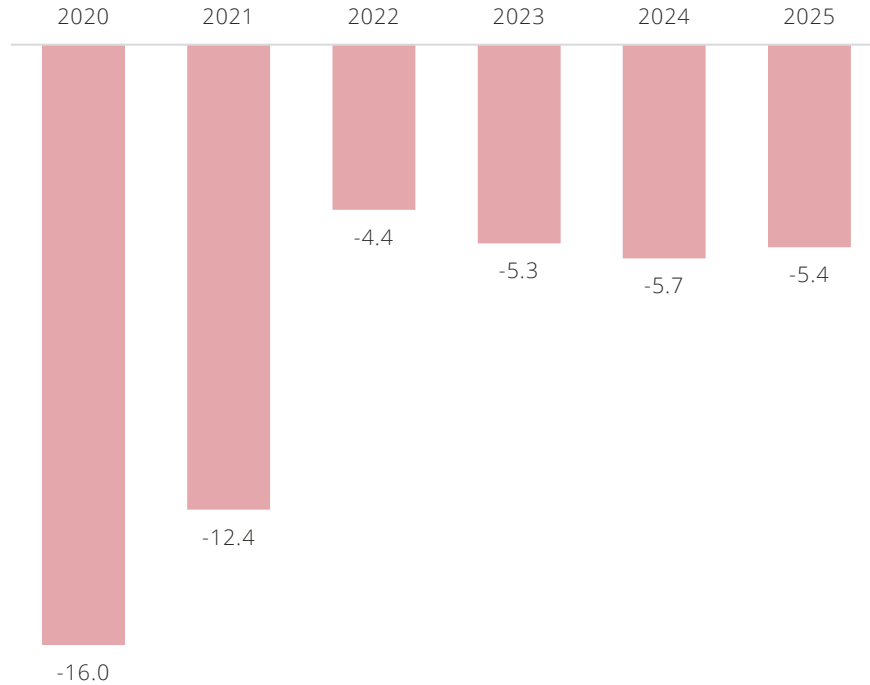


Source: Bloomberg Finance L.P., Federal Reserve Bank of New York.

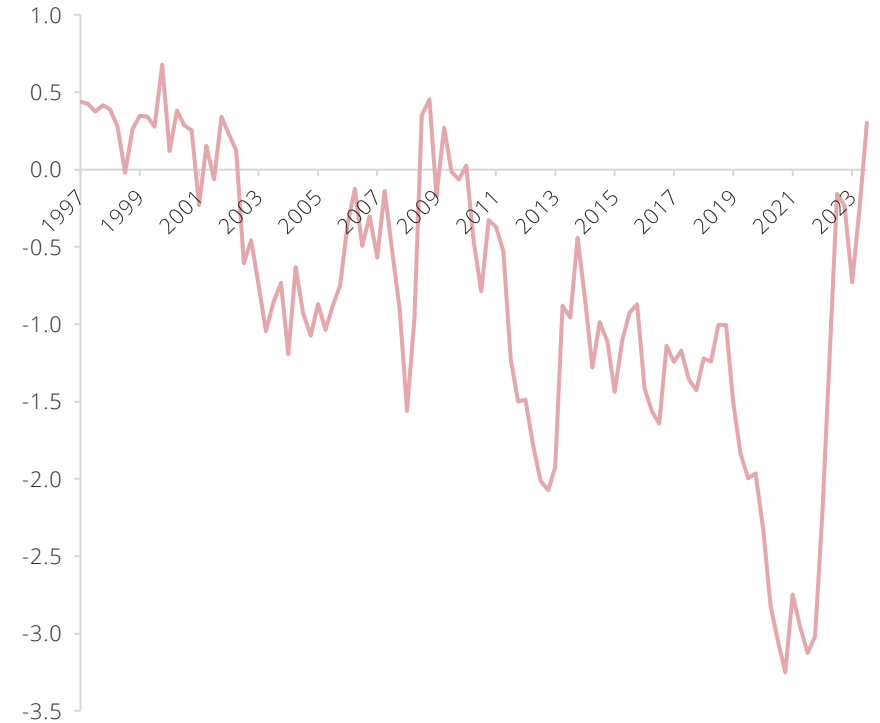
Outlook

The US government debt position is becoming unsustainable

US Fiscal Balance (% of GDP)



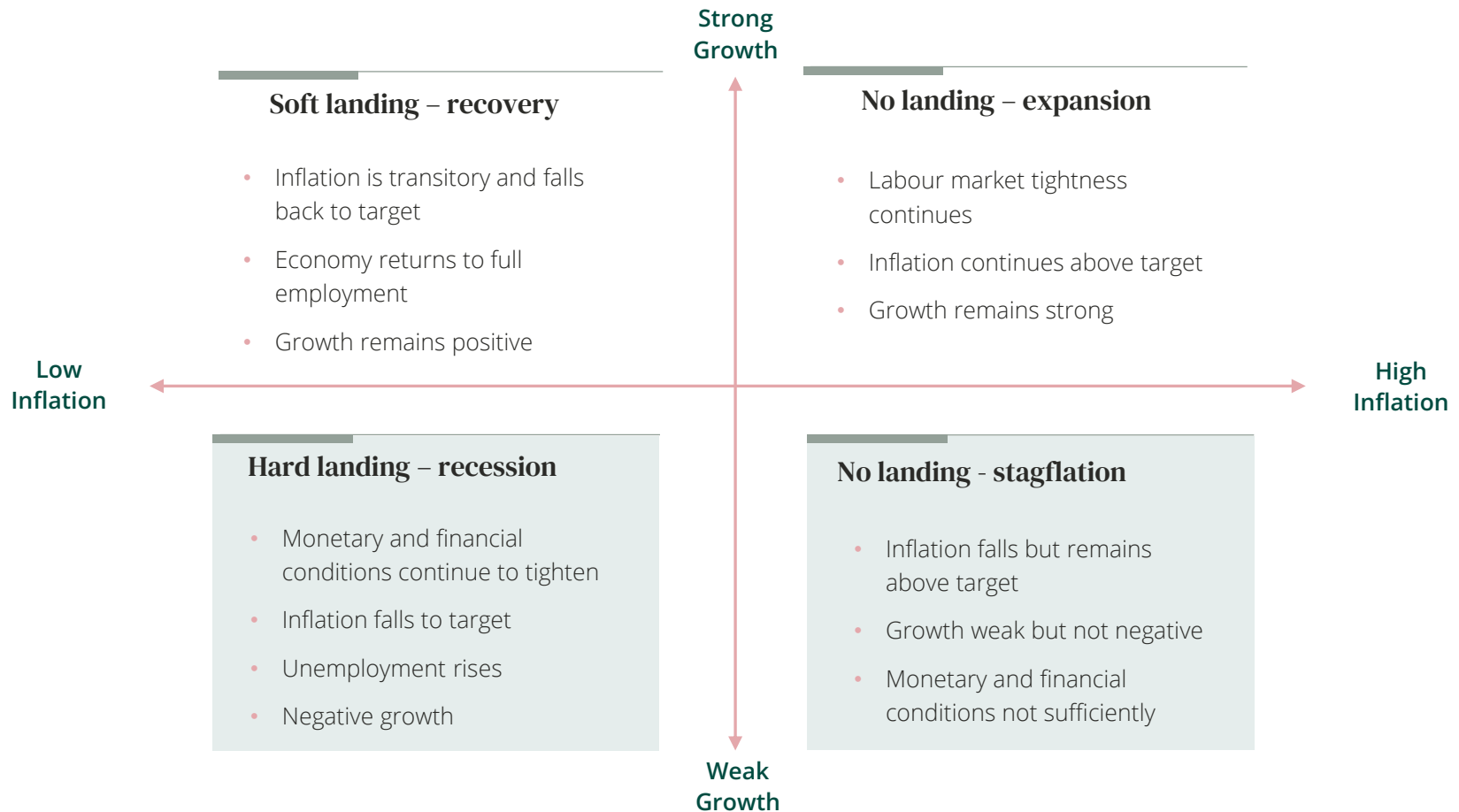
Differential between real interest rate and growth rate, $r - g$



Sources: Bloomberg Finance L.P., Federal Reserve Bank of New York.

Outlook

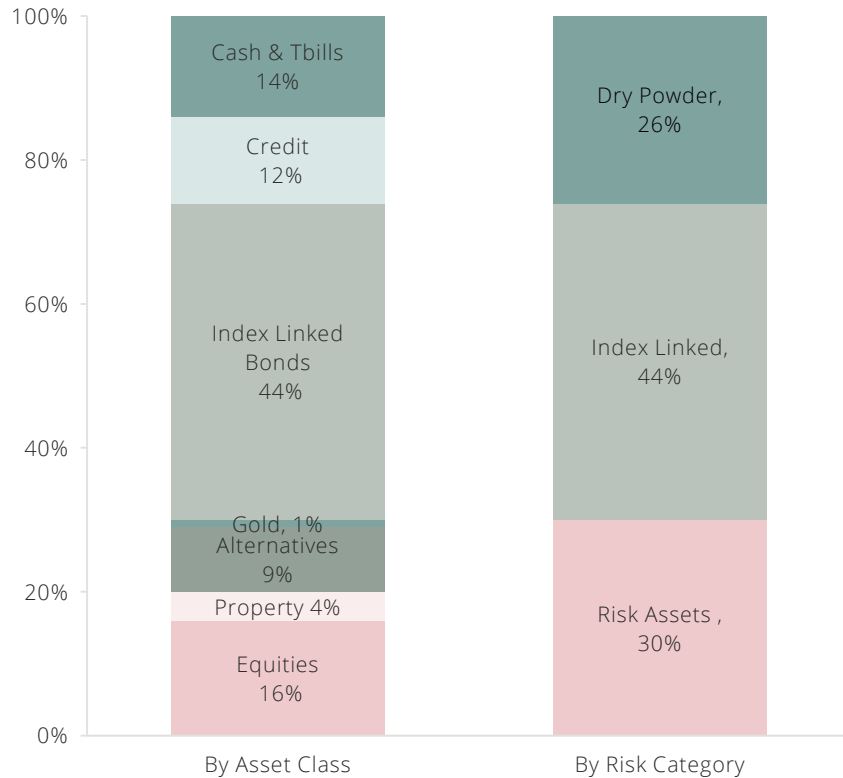
The funnel of outcomes is wide, but it is likely that the 'landing' will be uncomfortable



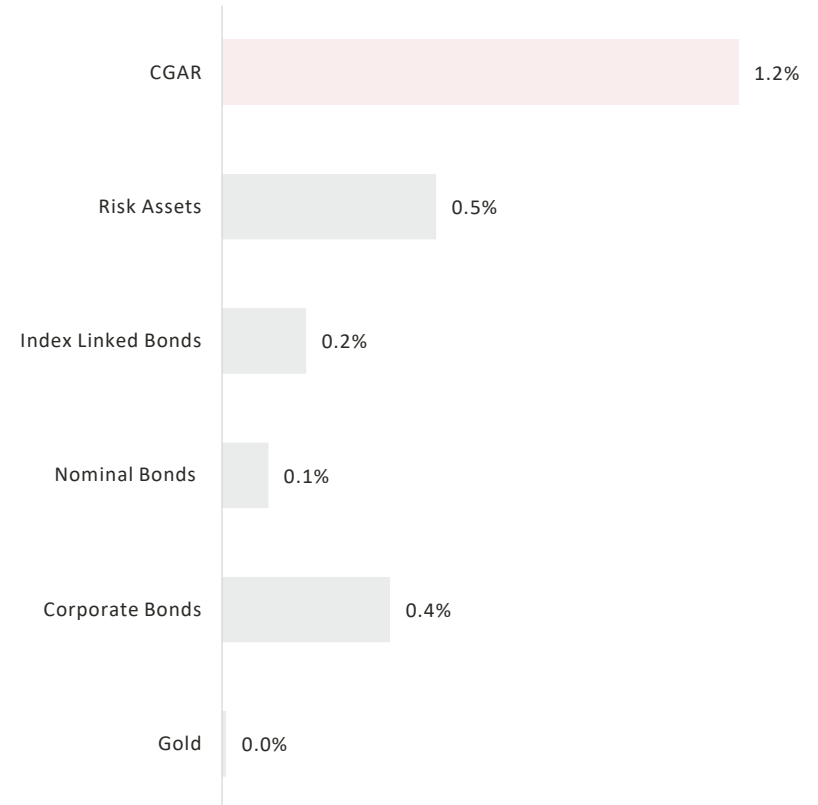
Returns and positioning

Positioning remains defensive, with a focus on inflation protection

CGAR Asset Allocation September 2023



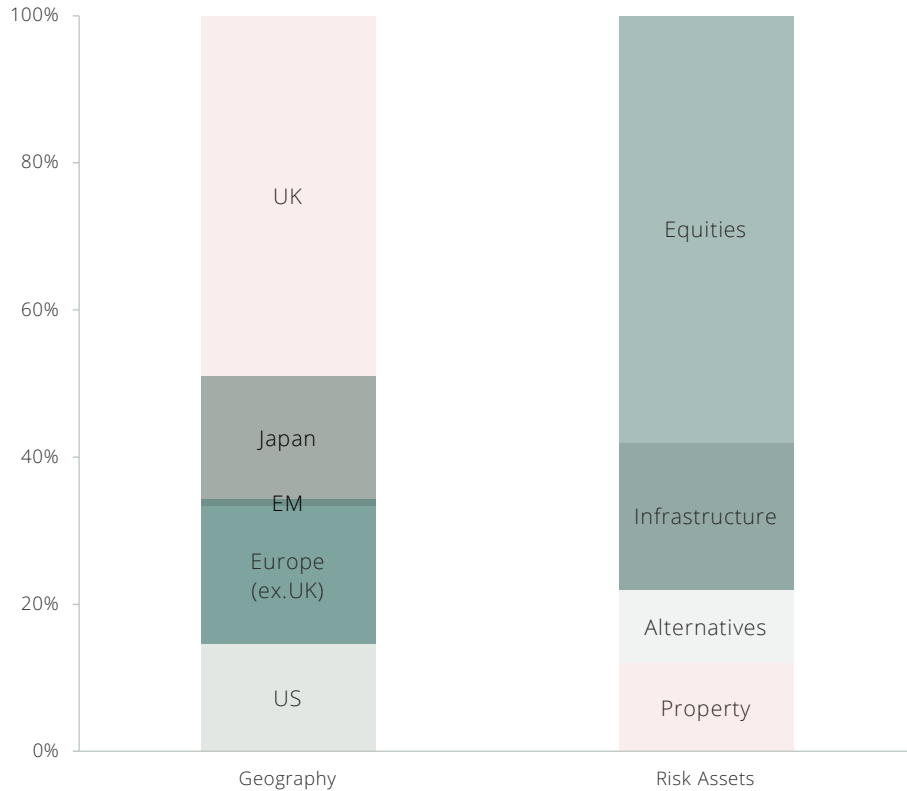
Contribution by Asset Class 3Q 2023



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

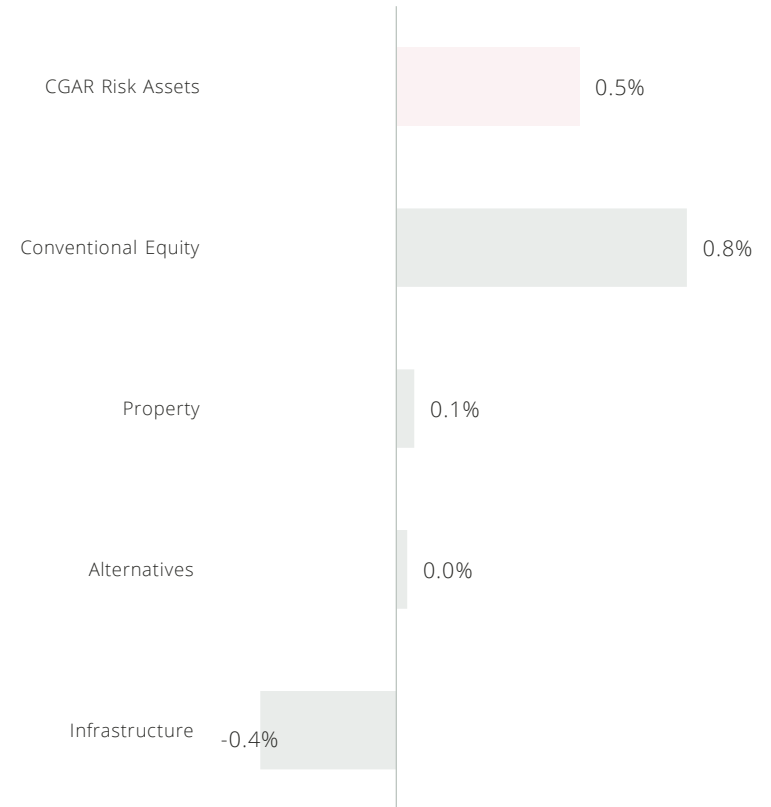
Risk asset exposure is strongly weighted to UK and Japanese equities

CGAR Risk Assets – Geographic Exposure and Asset Exposure



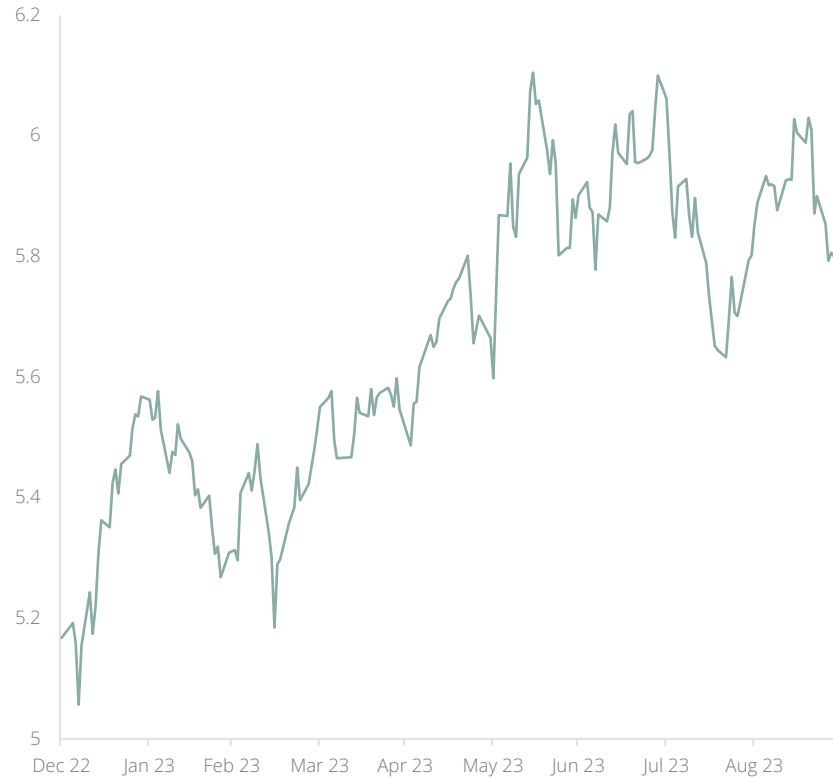
Alternatives include: Loan Funds, HY, PE & Hedge Funds
 Source: CGAM, Bloomberg Finance L.P., Northern Trust

Contribution by Risk Assets 3Q 2023



...which have delivered strong performance this year

MSCI Japan ESG Screened ETF Performance (USD) YTD



MSCI Europe Energy ETF Performance (EUR) YTD

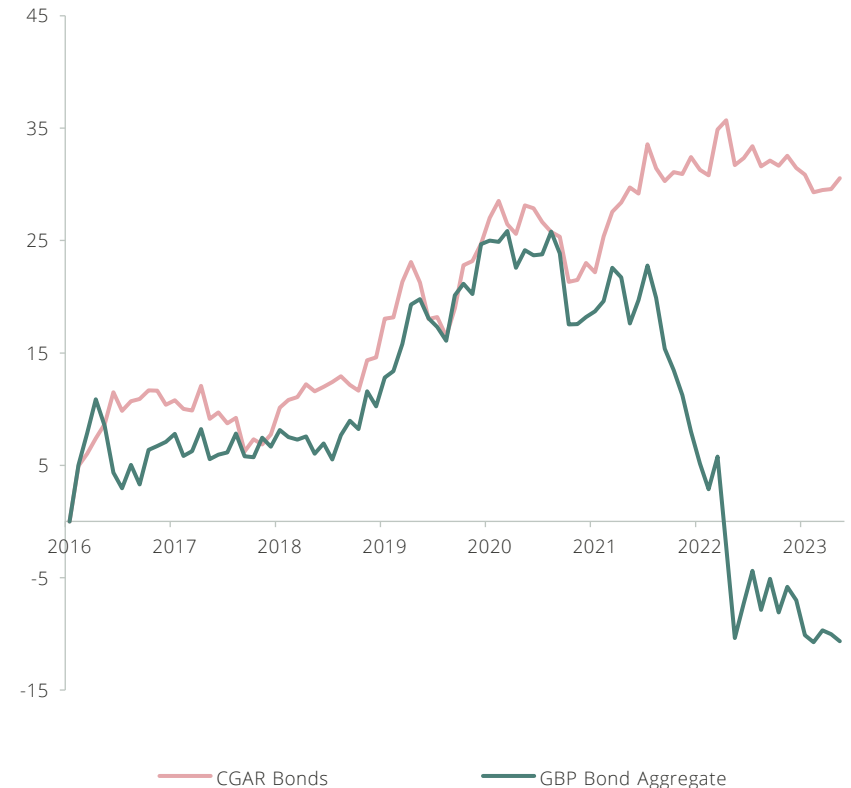


Both equity and bond portfolios have outperformed their benchmark

CGAR Risk Assets Returns Performance to September 2023¹



CGAR Bonds Only Returns Performance to September 2023¹

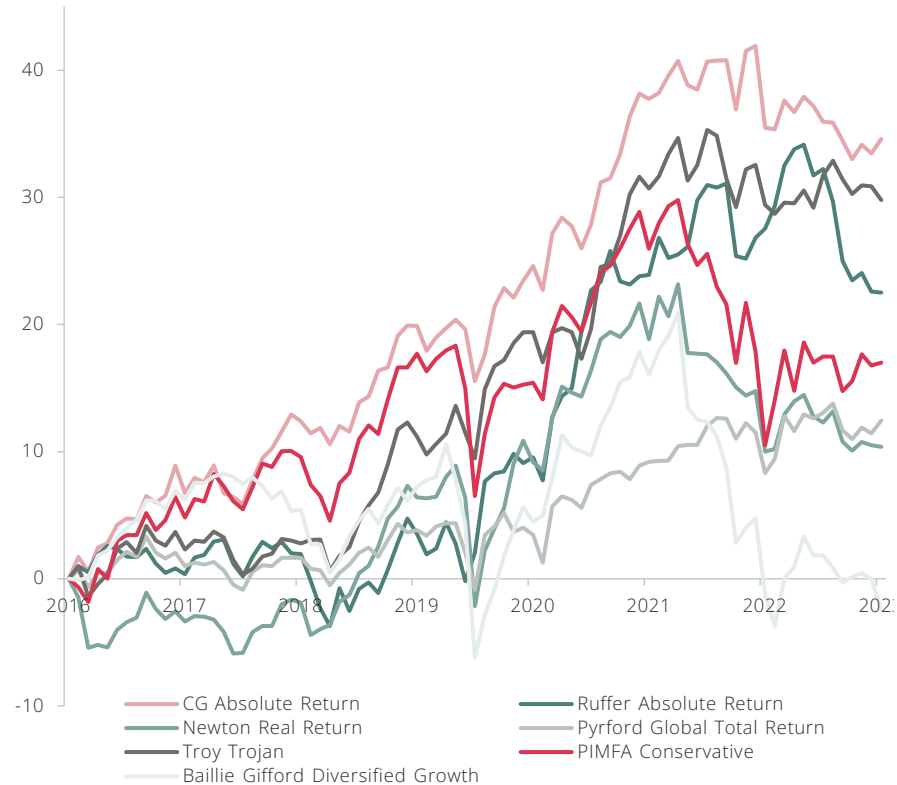


¹Risk Assets include equities, property, alternatives and gold. Bonds include credit and sovereign bonds (excluding T-Bills and cash)
Source: Bloomberg Finance L.P., Northern Trust

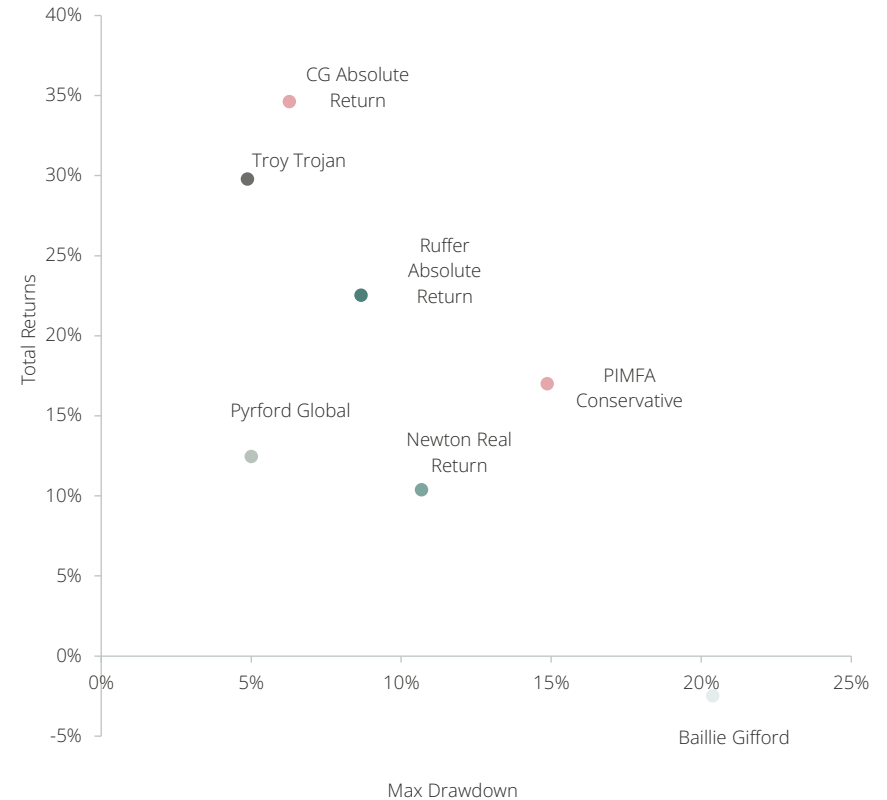
Positioning and Returns

CGAR has delivered good risk adjusted returns relative to its peers

CGAR vs. Peers – Total Returns since Inception



CGAR vs. Peers – Max Monthly Drawdown



*MSCI PIMFA (Private Investor Conservative Index) aims to represent the investment strategy of a UK private client adopting a conservative approach to their investment
 Source: Bloomberg Finance L.P., Northern Trust | Drawdown calculation based on month-end NAVs

Positioning and Returns

We are cautiously optimistic about perspective returns for the portfolio

Duration and Yield¹

	Weight	Duration (Yrs)	Yield (%)	Rating ²
Cash & Tbills	14%	0.19	4.6	AA-
I/L Bonds	44%	6.50	4.8 / 1.7	AA
Corp. Bonds	13%	2.00	7.0	BBB+
Risk Assets (HY Bonds)	1%	1.6	9.2	B+
Risk Assets (Other)	28%	n.a	5.2	n.a.
	100%	4.40	5.30	A-

1. Duration refers to Option Adjusted Duration, Yield refers to yield to maturity for fixed income with real yield also shown for index linked and dividend yield for other risk assets which excludes high yield bonds

2. Bloomberg composite rating, Moody's weighted average rating for Cash & T-Bills

Outlook

Any questions?

IR@cgasset.com
+44 20 3906 1637
20 King Street, London, EC2V 8EG

www.cgasset.com

cgam