CG Asset Management

Capital Gearing Trust – March 2025 Full Year Results

June 2025

cgam

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Chief Morale Officer

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]	£885m	Listed	0.41%[3]	0.55%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£749m	Daily	0.35%	0.46%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£233m	Daily	0.75%	0.87%
Real Return Long only investments in index linked bonds	CG Real Return Fund (GBP Hedged available)	IE0034304117	2004	£227m	Daily	0.30% / 0.20%[4]	0.41%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£534m	Daily	0.25% / 0.15%[5]	0.37%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£18m	Daily	0.15%	0.34%

[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 listed on the Dublin Stock Exchange;[3] Tiered fee structure, marginal rate is 0.3% above £500m; [4] 0.3% below £500m, 0.2% above; [5] 0.25% below £1,000, 0.15% above; [6] As of 31 March 2025

Full Year Results 2025: Key Highlights

NAV Total Return: +4.1%
(CPI Return: 2.6%)

Share Price Total Return: +3.6%

Our Discount Control Policy ("DCP") has kept our shares trading close to NAV

All parts of the portfolio delivered a positive contribution, with the exception of the infrastructure holdings

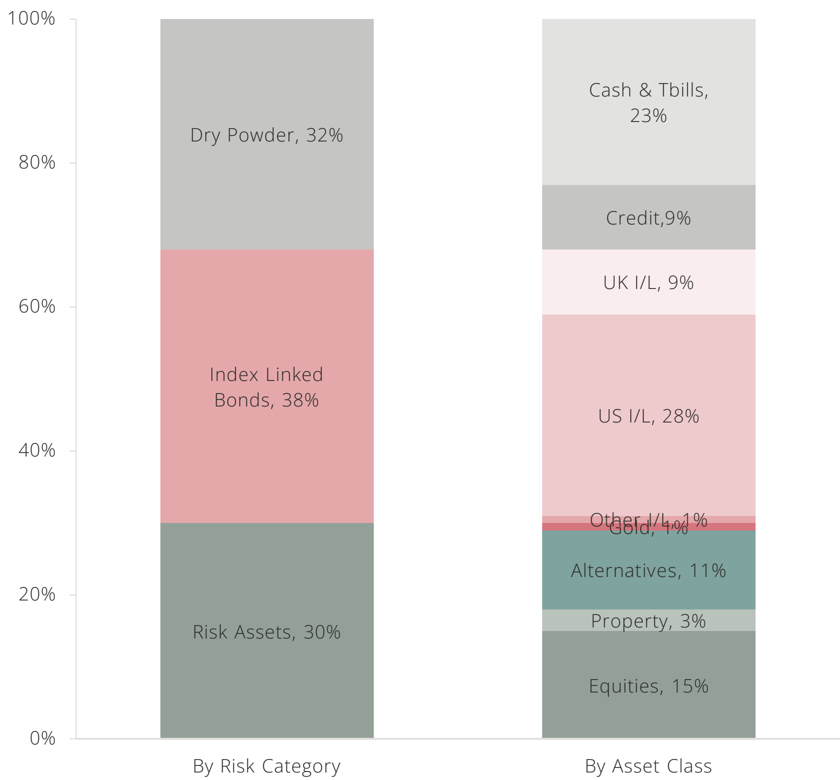
The CGT Board have proposed an increased dividend of 102p per Ordinary share, representing a 30.8% increase

CGT remains defensively positioned, with material allocations to dry powder and index-linked bonds, while maintaining a cautious stance towards risk assets

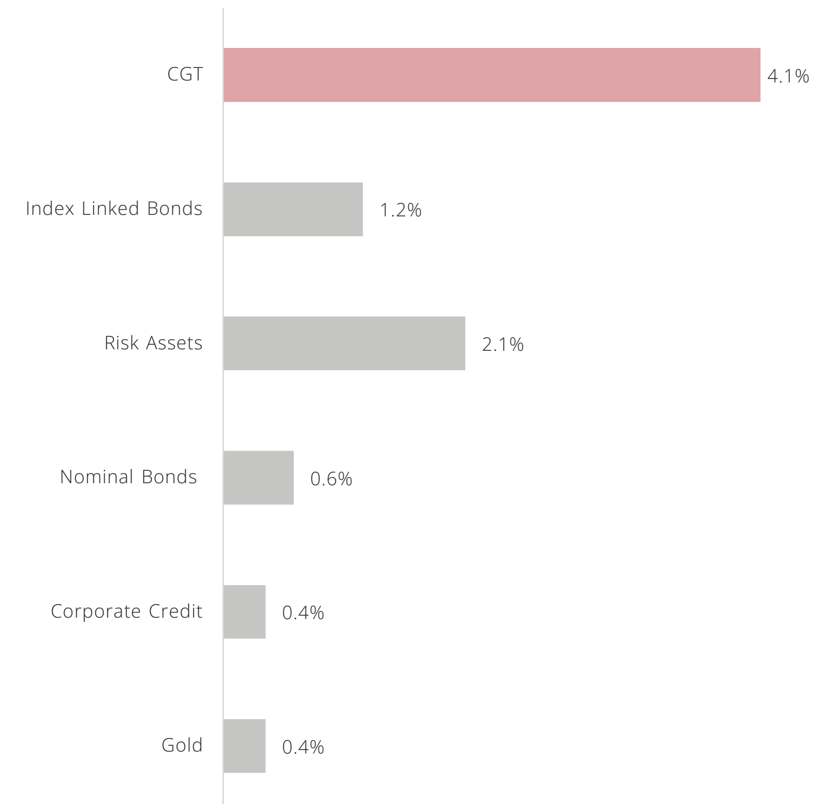
Positioning and Returns

Positioning is defensive, with a focus on inflation protection

CGT Asset Allocation March 2025



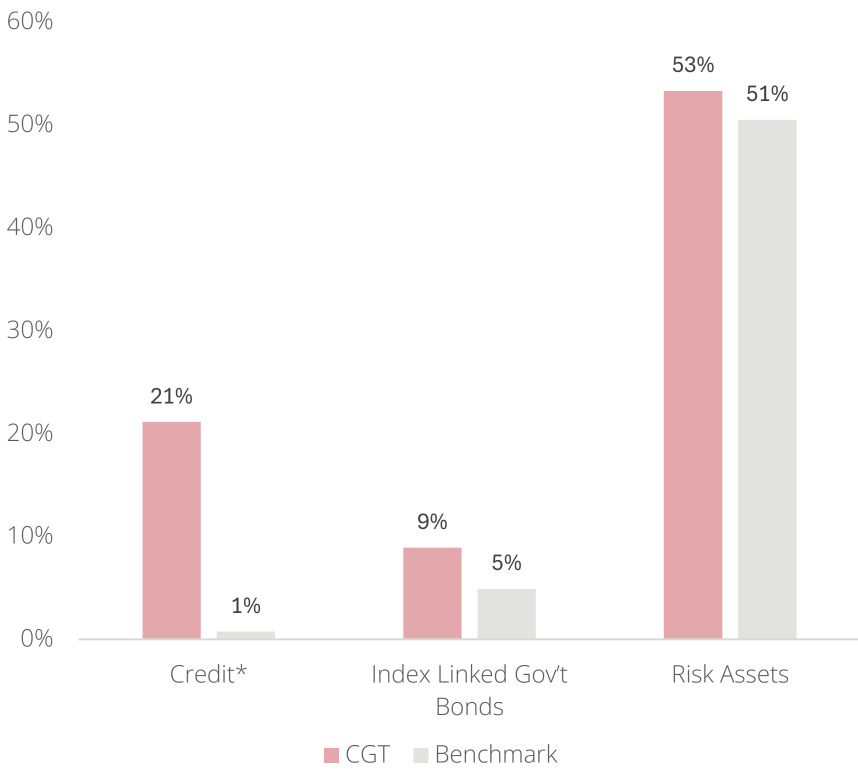
Contribution by Asset Class LTM March 2025



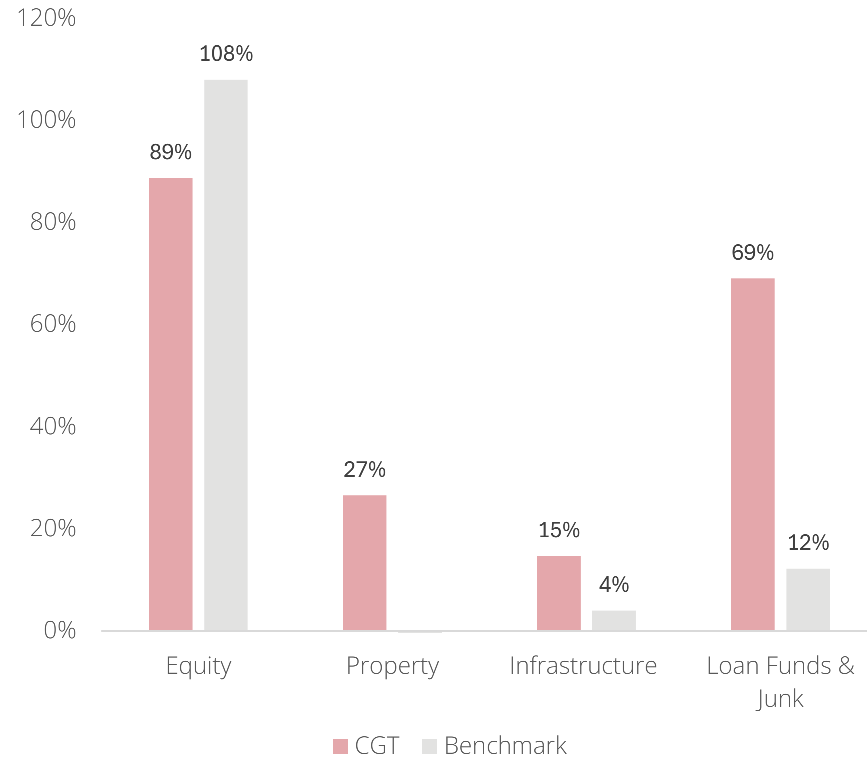
NAV performance net of fees
Source: CGAM, Bloomberg Finance L.P., Northern Trust

We aim to ensure that each element of the portfolio contributes to the overall fund's performance

5Y performance by Asset Class



5Y performance by risk sub-Asset Class



**Credit is a major component of dry powder*

Both equity and bond portfolios have contributed to outperformance

CGT Risk Assets Returns Performance to March 2025[1]

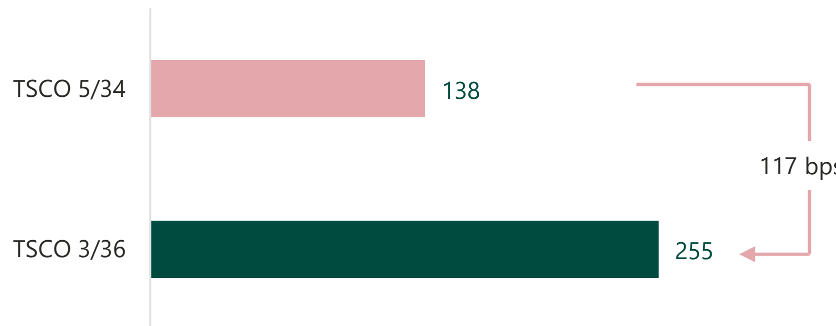
CGT Bonds Only Returns Performance to March 2025[1]

1.Risk 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

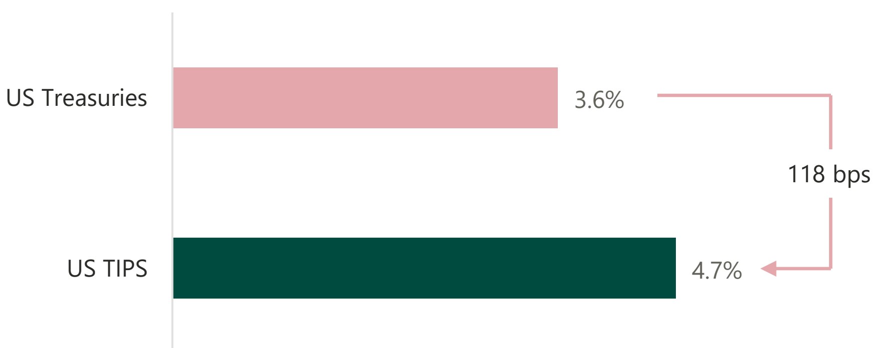
We develop non-mainstream portfolios, seeking to generate consistent excess returns from all elements of the portfolio

Dry Powder – Hedged JGBs vs. UK Gilts (YTM %)

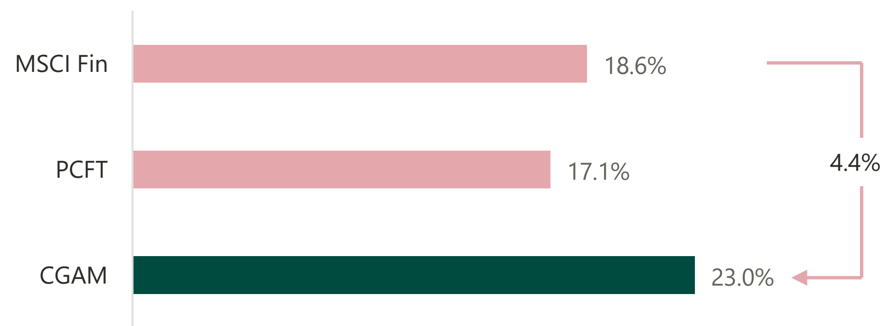
Credit – Tesco Index-Linked vs. Nominal (Spread bps)



Index Linked Bonds – TIPS vs. US Treasuries (% Return)



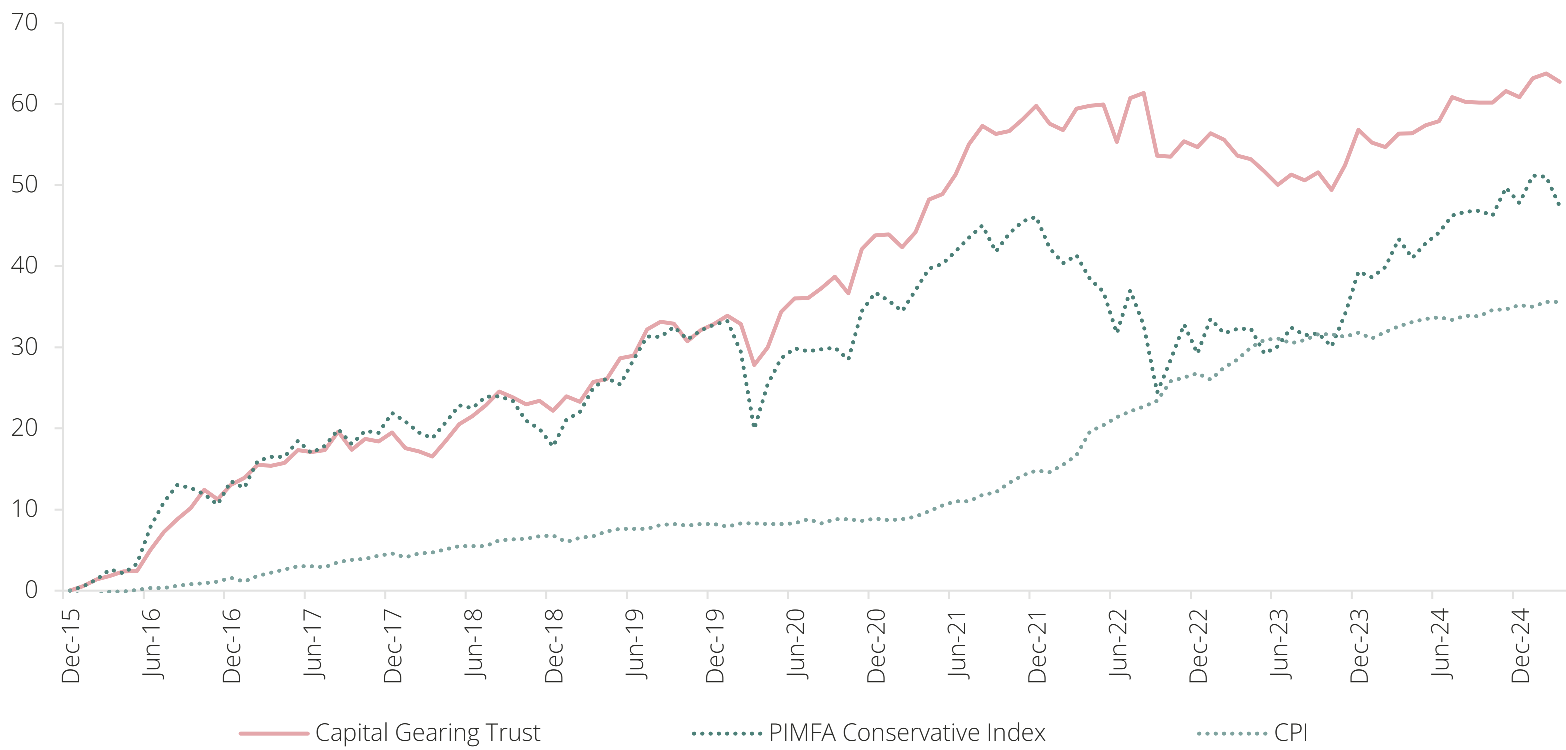
Investment Trusts – Polar Capital Financials (% Return)



Past performance is not indicative of future results

CGT has outperformed comparators on an absolute and risk adjusted basis

CGT vs. Comparators: Total Returns to March 2025[1,2]

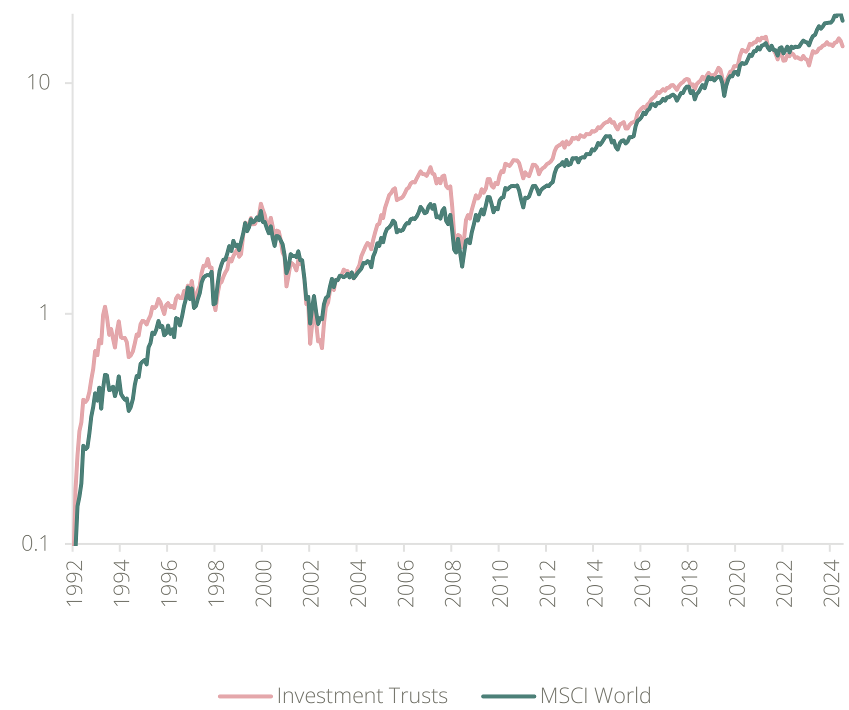


1.The MSCI PIMFA (Private Investor Conservative Index) aims to represent the investment strategy of a UK private client adopting a conservative approach to their investment
2.For comparability, the start period reflects the longest period available for CGT under which a Risk Asset and Bond attribution can be extracted from Bloomberg AIM

The long term returns of the IT Index have been similar to the MSCI World

Investment Trust Index and MSCI World Total Returns (x)

Investment Trust Index and MSCI World TR (Log x)

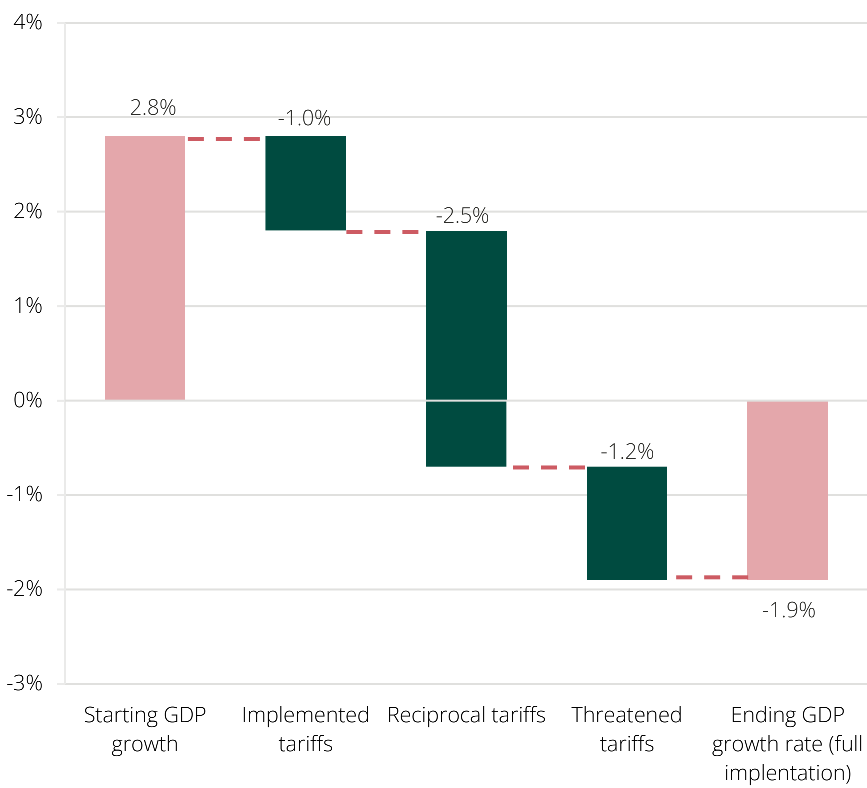


Source: Bloomberg Finance LP

Outlook

There is a wide range of outcomes to Trump tariffs, all of which will lower growth. However, official nowcasting shows more volatile economic performance

Estimates of impact of Trump tariffs on US GDP growth

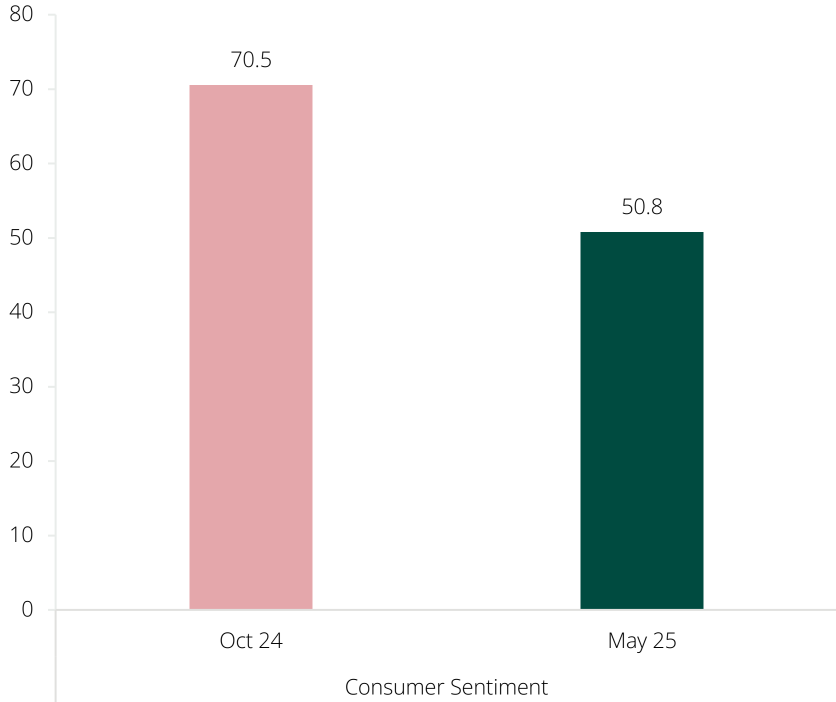


Atlanta Fed GDP Nowcast – since Trump's election (%)

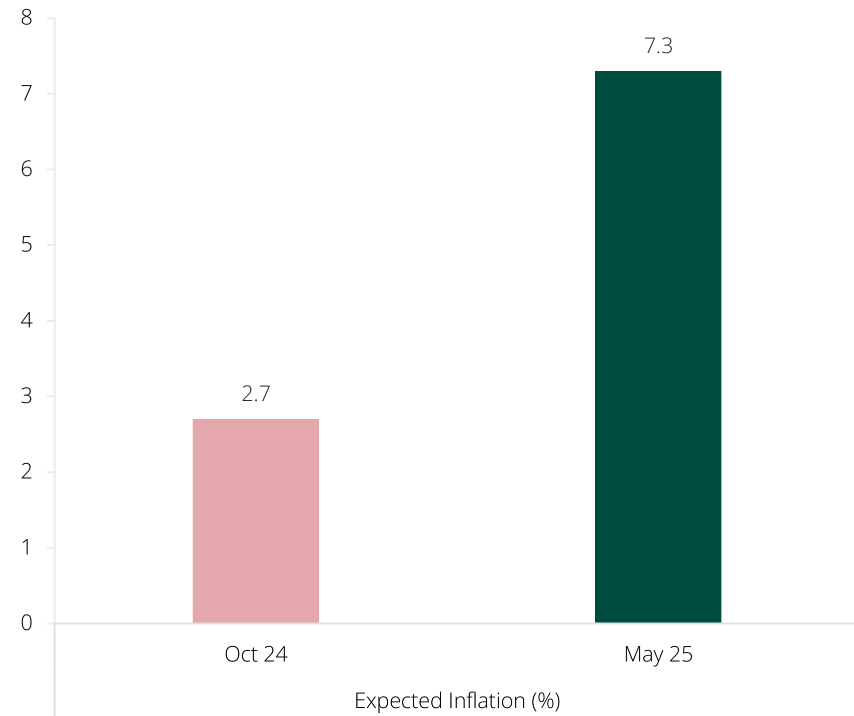
Source: Bloomberg Finance LP, Federal Reserve Bank of Atlanta

Forward looking surveys indicate that US consumers expect weaker growth and *considerably* higher inflation

UMich Consumer Sentiment Survey



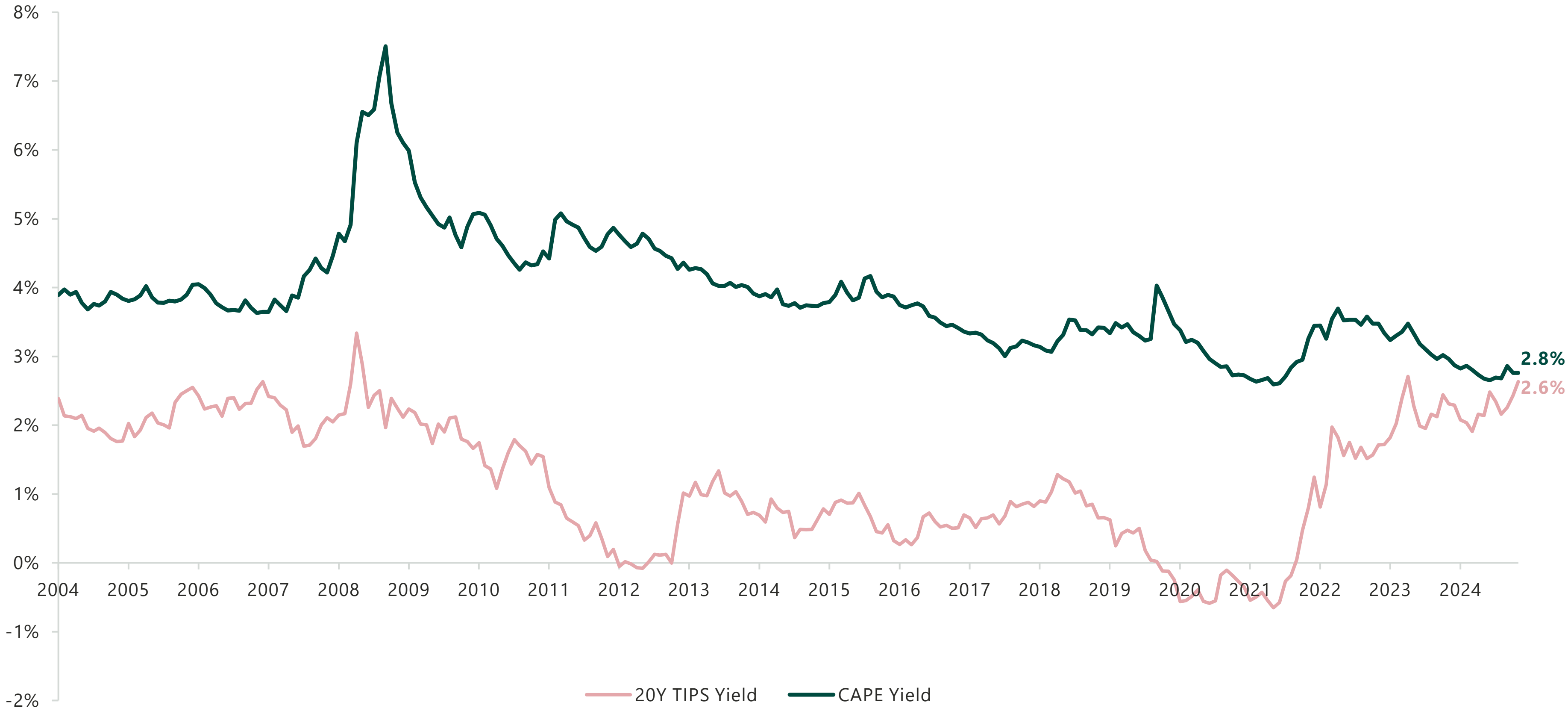
UMich Consumer Inflation Expectations – Next Year (%)



Source: Bloomberg Finance LP

Meanwhile, US equity market valuations continue to appear stretched, particularly when compared with long-term US real yields…

S&P 500 CAPE Yield vs. 20Y TIPS Yield



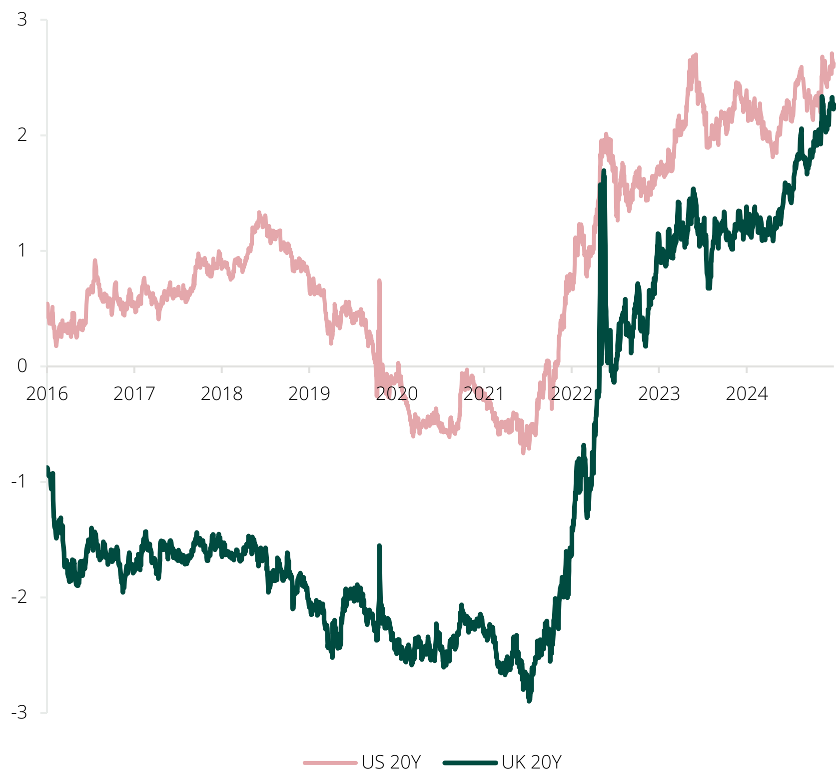
Sources: Bloomberg LP, Robert Shiller database.

Past performance is not indicative of future results

Outlook

…and UK real yields look increasingly attractive relative to the US, without taking currency risk

US 20Y vs. UK 20Y Real Yield

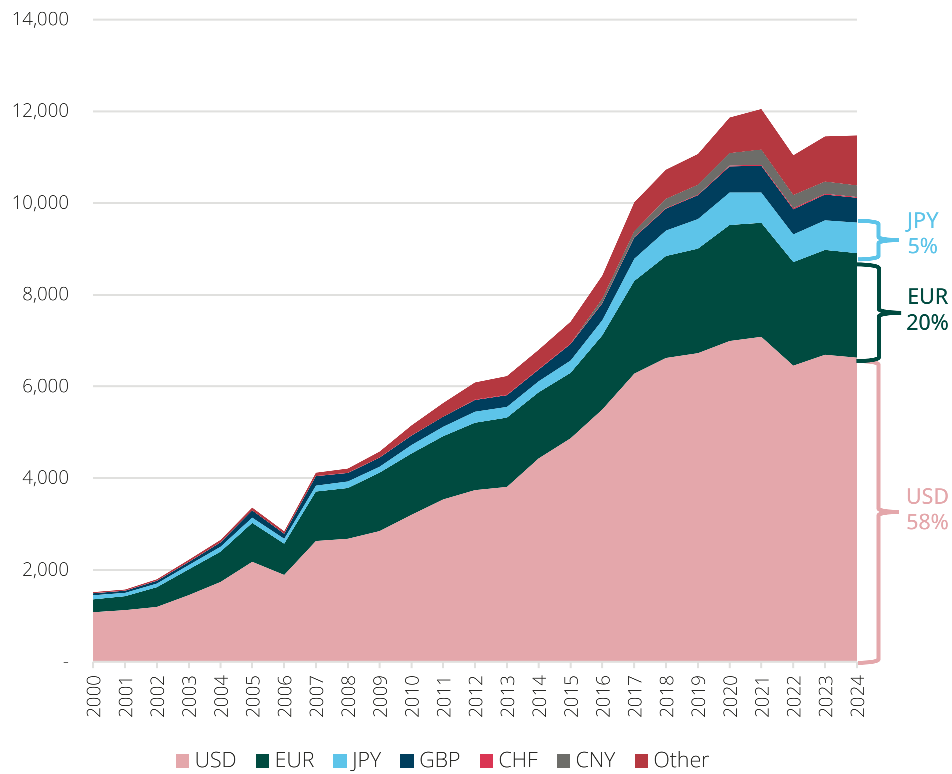


US 30Y Nominal Yield vs. DXY Index

Source: Bloomberg Finance LP

While we expect to see the USD continue as global reserve currency, sustained issuance and elevated risk sentiment motivate us to hold ample dry powder.

Aggregate currency holdings in official FX reserves ($bn)



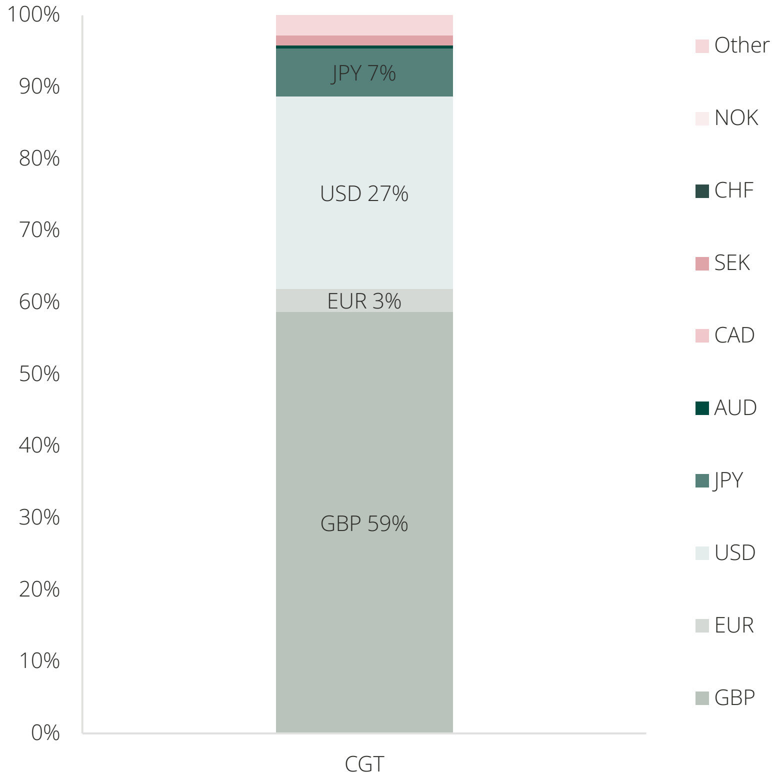
US Forecast Fiscal Balance (% of GDP)

Source: Bloomberg Finance LP, IMF Currency Composition of Official Foreign Exchange Reserves (COFER) dataset. "Other" includes a range of currencies, with the most significant being CAD (3%) and AUD (2%).

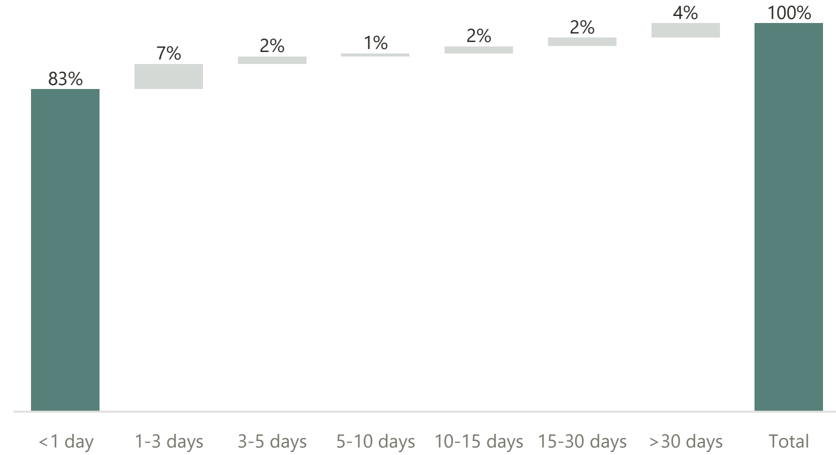
Appendix

Duration, currency and liquidity are actively managed

Currency Exposure[1]



Time to Liquidation (days)[2]



Duration and Yield[3]

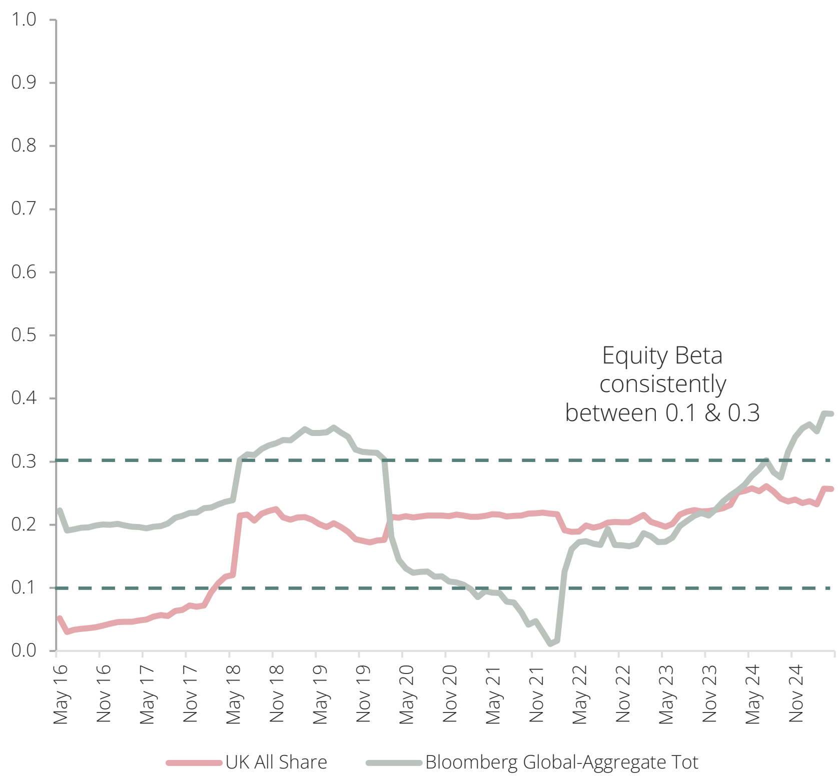
	Weight	Duration (Yrs)	Yield (%)	Rating[4]
Cash & Tbills	23%	0.7	4.3	A+
I/L Bonds	38%	7.5	4.3/ 1.2	AA
Corp. Bonds	9%	2.5	6.6	A-/BBB+
Risk Assets (HY Credit)	1%	1.7	9.4	BB/BB-
Risk Assets (Div Yield Equity)	29%	n.a.	5.7	n.a.
CGT	100%	4.6	4.9	

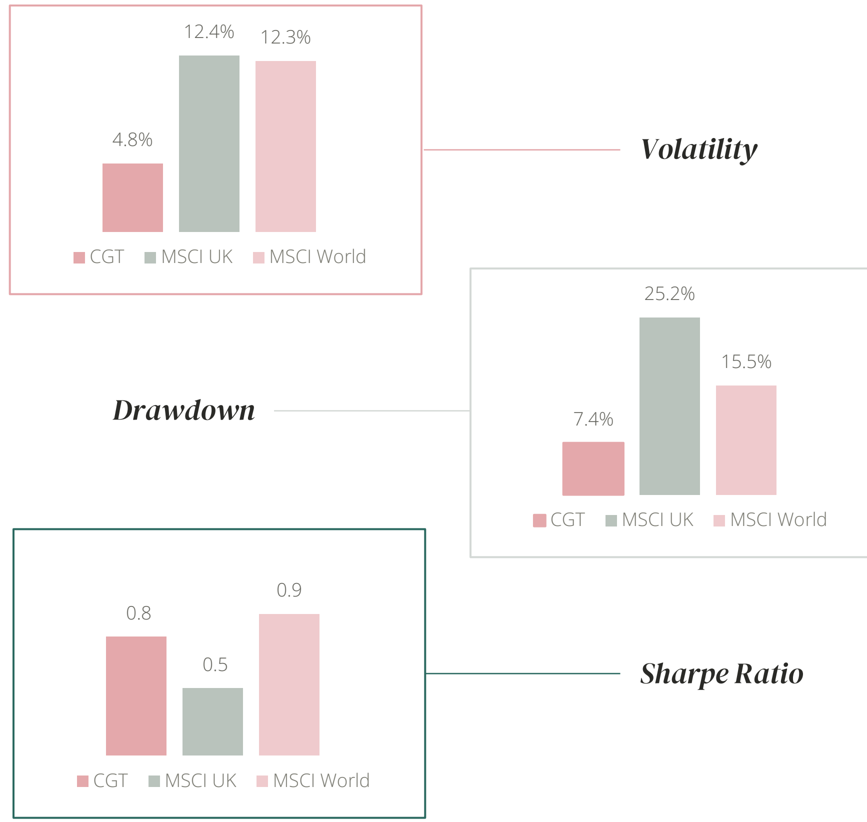
1. *Currency exposure is estimated using CGAM analysis of Bloomberg, Numis and Company data*
2. *Assumes 25% average daily volume participation rate*
3. *Duration refers to Option Adjusted Duration, Yield refers to the nominal yield to maturity for fixed income with real yield also shown for index-linked bonds. For equities, yield refers to dividend yield. Cash & Tbills includes bank deposits, hedged and unhedged government instruments. We display the 6-month UK Treasury Bill yield as a conservative representation of the yield on the underlying holdings in this bucket.*
4. *Ratings are sourced from Bloomberg and Moody's.*

Appendix

Returns have come with low volatility, and low correlation to equity & bond markets, and excellent risk adjusted performance

Sharpe Ratio & Volatility (%) vs. Major Indices

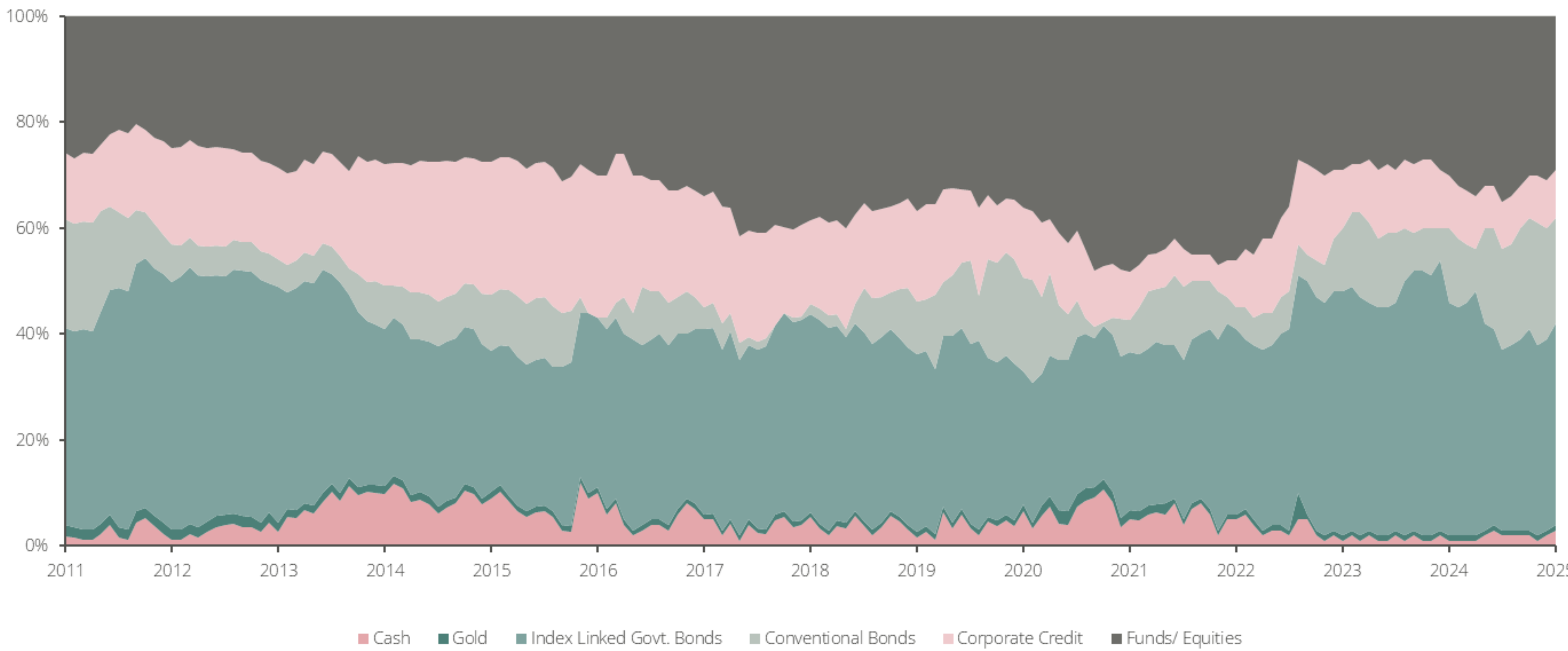




For comparability, the start period is taken from inception of the CG Absolute Return Fund.
Source: Bloomberg Finance L.P, risk statistics per Bloomberg standard definitions.

Changes to asset allocation tend to be modest over the short term but can be fundamental over the long term

CGT Asset Allocation – 2011 to 2025



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

Top Equity and Bond Holdings as of 31/03/25

Top 10 Equity Holdings

Asset	Weight
JPMorgan Japan ETF	2.6%
Vanguard FTSE 100 ETF	1.9%
North Atlantic Small Companies	1.9%
Wisdomtree Physical Swiss Gold	1.2%
PRS REIT	1.2%
iShares FTSE 250 ETF	1.1%
International Public Partnership	1.0%
BP Capital Markets 4.25% Perp	1.0%
HICL Infrastructure	0.9%
3I Infrastructure	0.8%
	13.8%

Top 10 Bond Holdings

Asset	Weight
JGB 0.60% 01/01/27	5.2%
US I/L 0.125% 15/10/26	2.7%
UK I/L 0.125% 22/03/29	2.4%
US I/L 0.125% 15/04/26	2.4%
JTDB 0.00% 20/06/25	2.3%
JTDB 0.00% 20/11/25	2.3%
US I/L 0.625% 15/01/26	2.3%
JTDB 0.00% 20/05/25	2.2%
US I/L 0.375% 15/01/27	2.1%
US I/L 0.625% 1507/32	1.8%
	25.8%

Source: CGAM, Northern Trust.

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