

CG Multi-Asset Funds

Capital Gearing Trust, CG Absolute Return Fund, Capital Gearing Portfolio Fund

Fund	Q3 2023 Performance	12-month Performance*
Capital Gearing Trust (open)	+1.0%	-2.6%
CG Absolute Return Fund (open)	+1.2%	-2.1%
Capital Gearing Portfolio Fund (closed)	+0.9%	-3.2%

*to 29 September 2023

- The asset allocation breakdown of the multi-asset portfolios was 28% in risk assets, 43% in index-linked government bonds, 13% in corporate credit, 1% in gold, and the remainder in cash and Treasury Bills (approximately 15%)
- Weighting to risk assets increased 2% over the quarter from both organic outperformance (returning +2.1% vs -1.1% for the Investment Trusts Index) and small portfolio additions to infrastructure, conventional equities and merger arbitrage opportunities
- The largest contributors were energy equities (+16.1% return, 4% of portfolio) and Japanese equities (+1.7% return, 5% of the portfolio)
- Contribution from alternatives was more mixed as positive returns from property holdings (+1.8%, 3% of portfolio) were offset by weakness in the infrastructure sector (-6.4% return, 6% portfolio weighting)
- Weightings to Index-linked government bonds which returned +0.5% over the period remained unchanged, with a duration of 6.8 years across UK (23% of the portfolio), US (16%) and approx.4% across Japan, Sweden, Canada and Australia
- UK Index-linked returned +1.7% as security selection and positioning in the belly of the curve early in the quarter benefited from falling yields, whilst the short duration of 4 years protected the portfolio from steepening at the long end
- Higher interest rate expectations put pressure on US TIPS (-1.0% return, 16% of the portfolio) where duration is 9.7 years
- Corporate credit outperformed, returning +2.9% against +2.2% for the sterling corporate bond index, this was not achieved by taking excess risk: both portfolios have a composite credit rating of Baa1, but the fund's credit portfolio offers a higher average yield (7.3% vs. 6.2%) and takes less duration risk (2.2 years against 6.1 years) than the comparator
- The portfolio remains defensive, with an objective of capital preservation and inflation protection.

CG Bond Funds

Real Return Fund, Dollar Fund

Fund	Q3 2023 Performance	12-month Performance*
Real Return Fund (open)	-0.5%	-7.2%
Real Return Fund (GBP hedged) (open)	-3.8%	-0.0%
Dollar Fund (open)	-0.7%	-8.0%
Dollar Fund (GBP hedged) (open)	-4.9%	-0.4%

*to 29 September 2023

Real Return Fund

- The fund returned -0.5% over the quarter, against +0.3% in the Global Index-Linked ex-UK Index, and -7.2% against -5.6% over the past 12 months.
- The hedged share class returned -3.8% over the quarter against -2.8% for the index, and was flat over the past 12 months versus +1.2% for the index
- US TIPS (69% of the portfolio) contributed -0.4% to the fund's return for the quarter, due to rising yields across the curve
- Germany (10% of the portfolio) contributed +0.1% overall to the fund's performance over the quarter, with falling values at the long end of the curve offset by positive performance at the front
- Canada (6% of the portfolio) contributed -0.3%, with the long end of the curve facing pressure from rising yields
- Japan (6% of the portfolio) contributed +0.1% to the fund's overall return. While Japanese index-linked bond yields fell over the quarter, this was offset by Yen currency weakness
- Portfolio duration is 8.3 years, which is longer than the index duration of 7 years
- The current portfolio yield is 1.9% real

Dollar Fund

- The fund returned -0.7% over the quarter against +1.3% for the comparator index, and -8.0% over the past 12 months versus -7.4% for the index
- Positive performance at the shorter maturities, supported by an appreciation in the dollar was offset by rising yields at the long end
- The hedged share class returned -4.9% over the quarter against -2.9% for the index and -0.4% over the past 12 months against +0.2%
- Portfolio duration is 9.1 years which is longer than the index duration of 6.7 years
- The current portfolio yield is 2.5% real

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