CG Asset Management

CG Real Return Fund

July 2025

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.

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

No representation is being made that the Fund or any other fund 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 alternative investment fund 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.

CG Real Return Fund

Overview

cgam

CG Real Return Fund Overview

Investment Objective

- To achieve long-term real returns via investing in a portfolio of high-quality inflation-linked government bonds (ex United Kingdom).
- Simple low-cost approach, no gearing, no short selling
- The fund is actively managed, without reference to a benchmark

Fees and Structure

- Size: £201m (launched in March 2004)
- Management Fee: 0.30% (<£500m) / 0.20% (>£500m)| Total Expense Ratio: 0.42%
- Daily priced Irish UCITS
- Available in a GBP hedged share class

Investor Profile

The fund has a broad range of investors who typically exhibit the following characteristics:

- A long-term investment horizon
- An aversion to significant short-term losses
- A desire to generate returns that outpace inflation over the long term

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

CG Asset Management Overview

2001 *Founded*	Founded in 2001 by Peter Spiller, former Chief Investment Officer and Chief Strategist of Cazenove
£2.5bn *AUM*	£2.5bn in assets under management
2 *Strategies*	Manages two strategies, absolute return and real return, across six funds
12 *Employees*	Team of 12, based in London
279x *Return*	Low-cost offering, with fee reductions regularly reviewed
2 *Down Years*	Capital Gearing Trust ("CGT") has returned 279x since 1982, with only two down years

cgam

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

CGAM in partnership with our clients

What makes us different?	What does that mean for our clients?
The firm's founding principles	1. The client comes first 2. Don't be greedy 3. Have fun In turn these principles mean that: • We have and will close funds to protect investors • We continuously strive to lower fees, even on closed funds • We have low staff turnover
Employee owned	• Majority owned by an Employee Ownership Trust, which means we will remain independent • All portfolio managers are significant shareholders in CGAM
The right incentives	• A significant majority of our own capital is invested in our funds • Our interests are directly aligned with those of our clients

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

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

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

CGAM Team

Investments

Peter Spiller
Co - Chief Investment Officer

Alastair Laing
CEO, Fund Manager

Chris Clothier
Co - Chief Investment Officer

Hassan Raza, CFA
Portfolio Manager

Emma Moriarty
Portfolio Manager

Jock Henderson
Investment Analyst

Investor Relations

Sophia Sednaoui
Head of Investor Relations

Katie Forbes
Head of Investor Relations of CGT

Operations and Risk

Chris Taylor
Chief Operations Officer

Jason Barlow
Senior Operations Manager

Amber Williams
Head of Compliance

Prath Ketheeswaran
Operations Manager

Finn
Chief Morale Officer

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

Investment Process

CG Real Return Fund

cgam

CG Real Return Fund's asset allocation is decided in two stages

Stage 1: Determine the target weighting for each sovereign issuer

1 Real yield outlook

- Monetary and fiscal stance
- Inflation expectations vs. breakevens
- Forward rates

2 Currency outlook

- Interest rate differentials
- Growth and inflation outlook
- PPP metrics

3 Market size and liquidity

- Size of index-linked issuance
- Individual stock turnover
- Bid / offer spreads

Stage 2: For each sovereign allocation, determine appropriate positioning

4 Duration

- Where prospective returns are strong, we will lock these in for a long time

5 Curve positioning

- Shape of yield curve
- Yield curve segmentation
- Scenario analysis

6 Stock selection

- NSS yield curve modelling to identify over/undervalued securities
- Adjustments for convexity and seasonality

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

Weightings to different index-linked markets are a function of yield available and market size. On these grounds, the US remains the most attractive market

Developed Government Bond 10 Year Real Yields

Source: Bloomberg Finance L.P.

Past performance is not indicative of future results

CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

US real yields are elevated relative to recent history and against most estimates of r*. This leads us to favour long duration

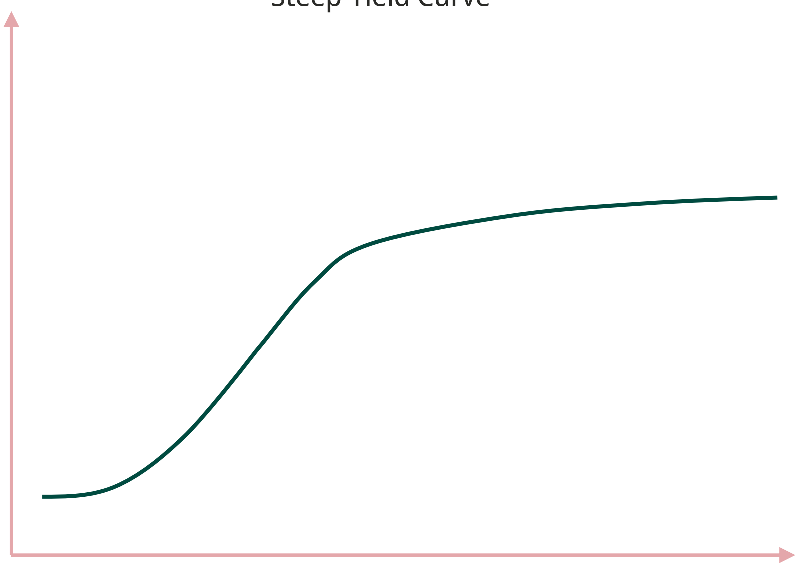
10Y US TIPS Yield history

Source: Bloomberg Finance L.P.

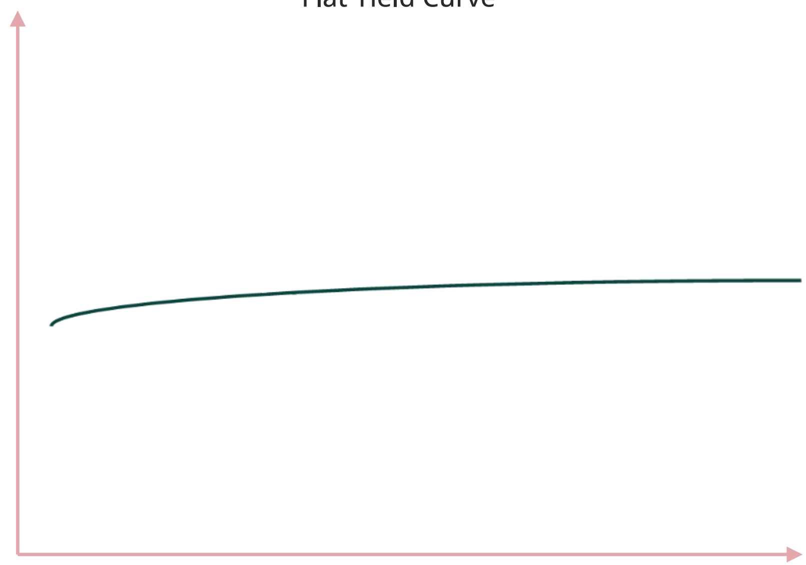
Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

The shape of the yield curve, combined with our expectations, drives our curve positioning

Steep Yield Curve



Flat Yield Curve



- Roll down is a significant contributor to total return;
- Prefer 'belly' of the curve, where gradient is steepest.

- No roll down, so favour convexity at long end;
- Prefer a barbell strategy, favouring front and long end of curve.

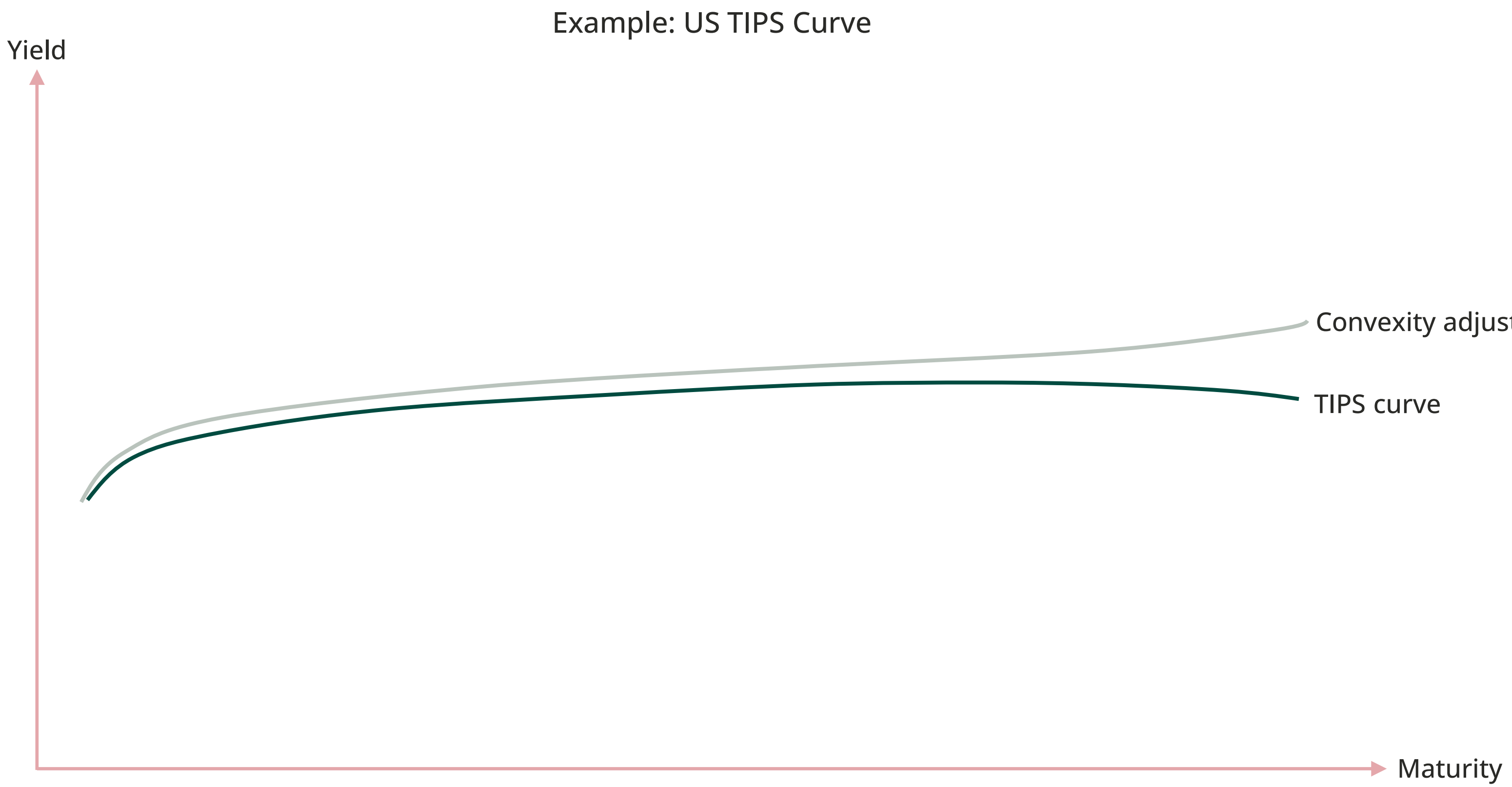
Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

For TIPS, we use a Nelson Siegel Svensson formula to identify individual under and overpriced bonds

$$y = \beta_0 + \beta_1 \frac{\left(1 - e^{\left(-\frac{\mu}{\tau_1}\right)}\right)}{\frac{\mu}{\tau_1}} + \beta_2 \left(\frac{\left(1 - e^{\left(-\frac{\mu}{\tau_1}\right)}\right)}{\frac{\mu}{\tau_1}} - e^{\left(-\frac{\mu}{\tau_1}\right)} \right) + \beta_3 \left(\frac{\left(1 - e^{\left(-\frac{\mu}{\tau_2}\right)}\right)}{\frac{\mu}{\tau_2}} - e^{\left(-\frac{\mu}{\tau_2}\right)} \right)$$

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

We then adjust our expected yields for the impact of convexity at longer durations



Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

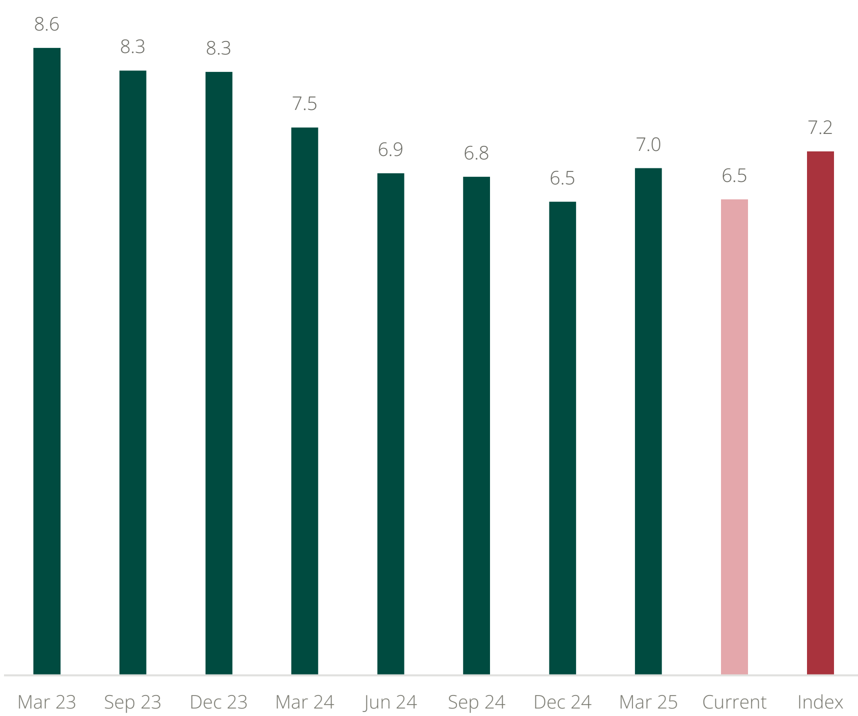
CG Real Return Fund

Positioning and Returns

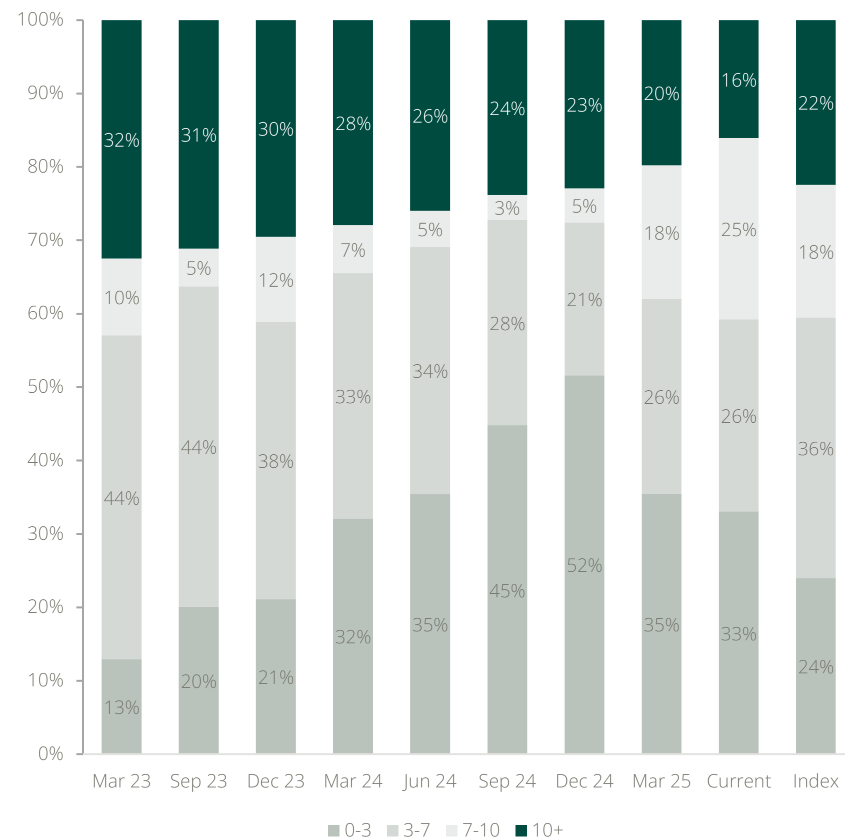
cgam

Duration is slightly shorter than the index

Portfolio Duration (Years)



Portfolio Curve Positioning – By Maturity Bucket (Years)

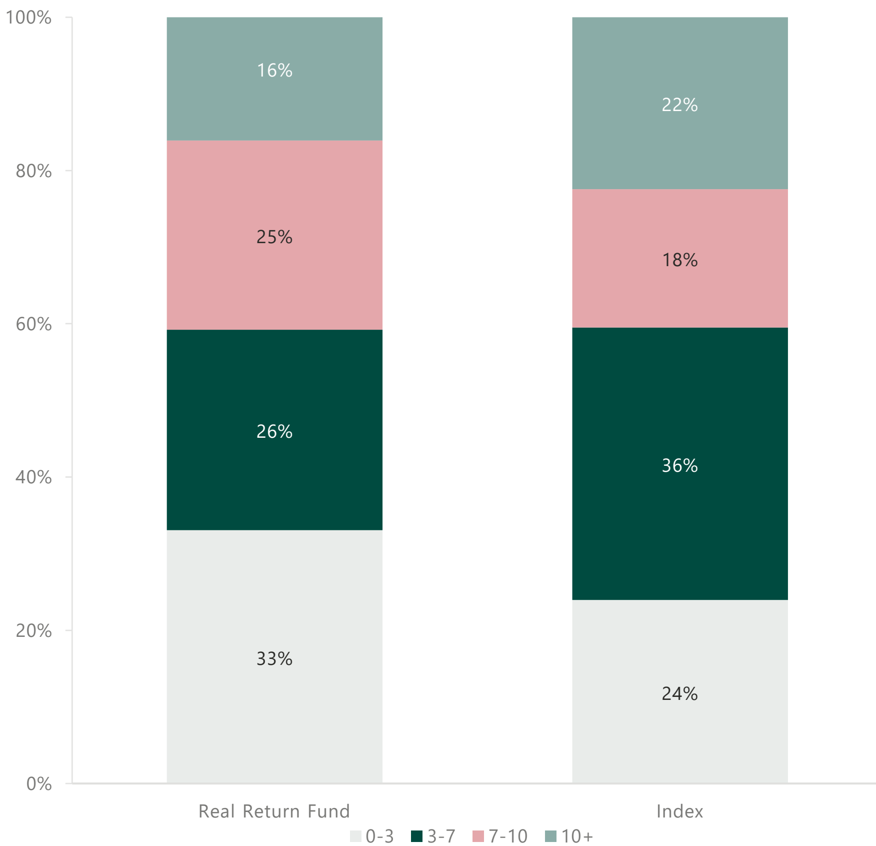


Source: Bloomberg Finance L.P., Northern Trust

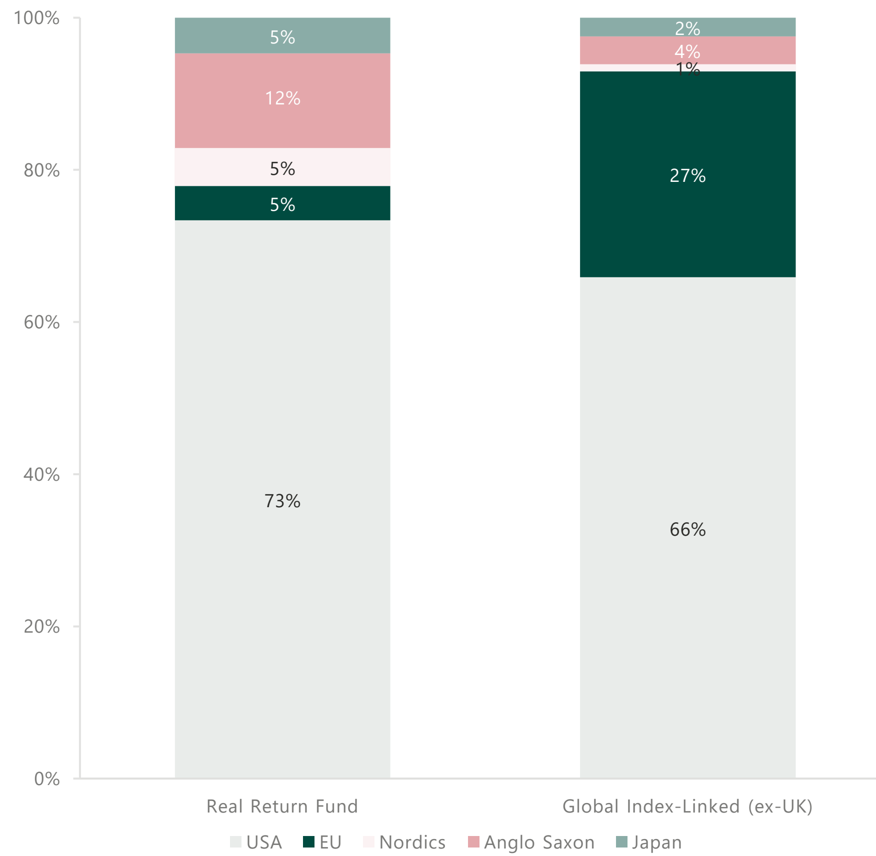
Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

CG Real Return Fund has shorter duration than the index and is underweight Europe

Real Return Fund – Curve Positioning vs. Index



Real Return Fund – Geographic Allocation

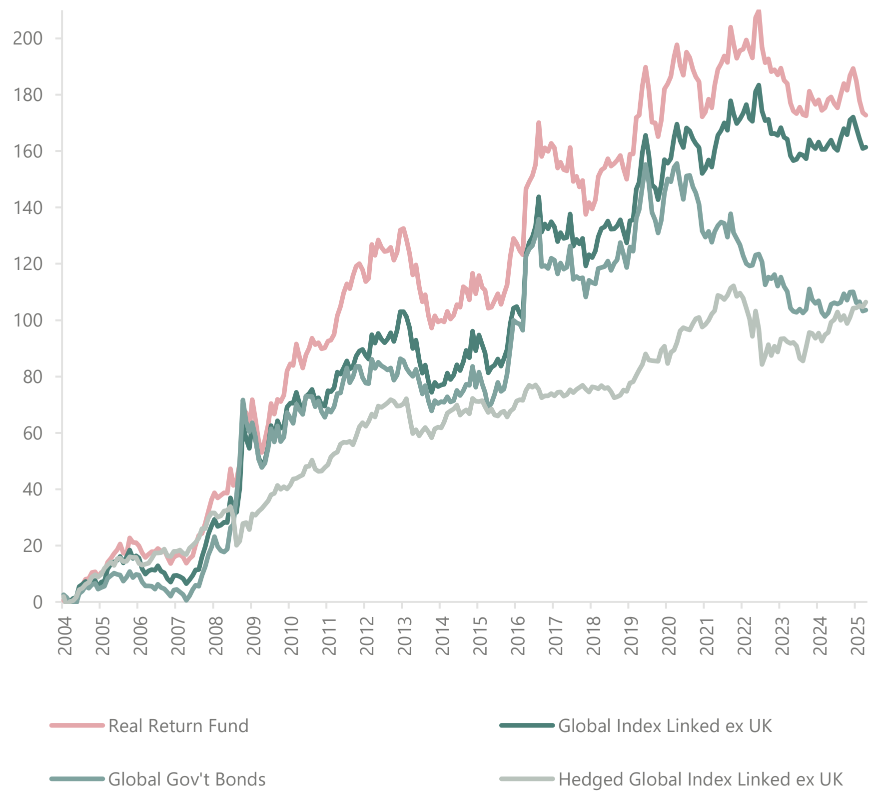


Source: Bloomberg Finance L.P., Northern Trust

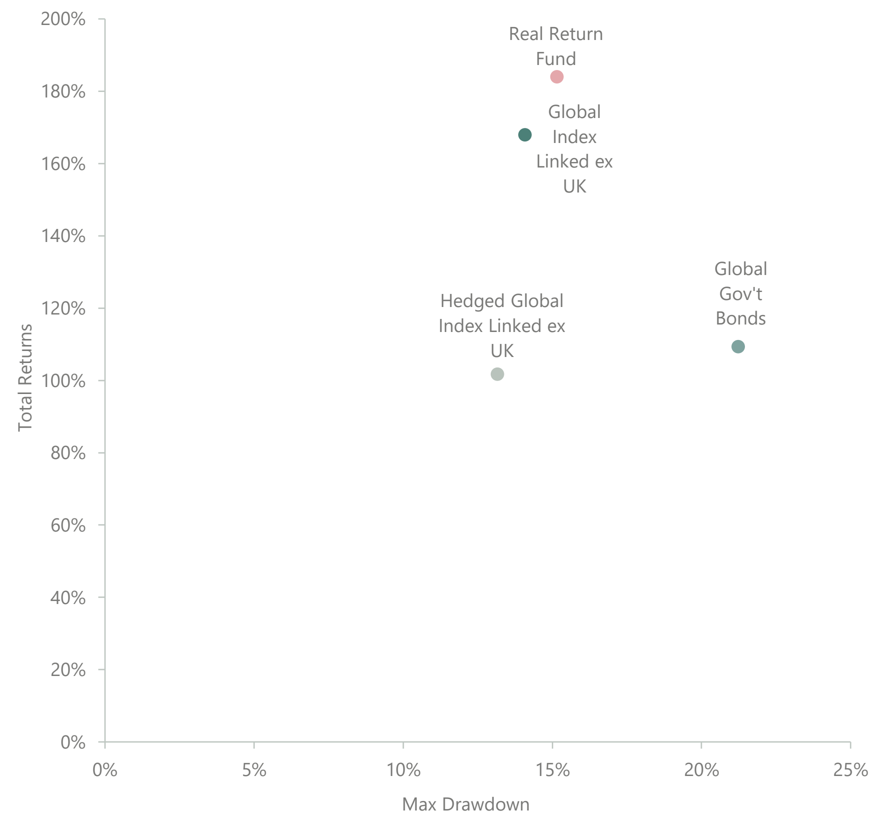
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

CG Real Return Fund has outperformed its benchmark since inception

Fund Performance – Since Inception



Risk and Return – Since Inception



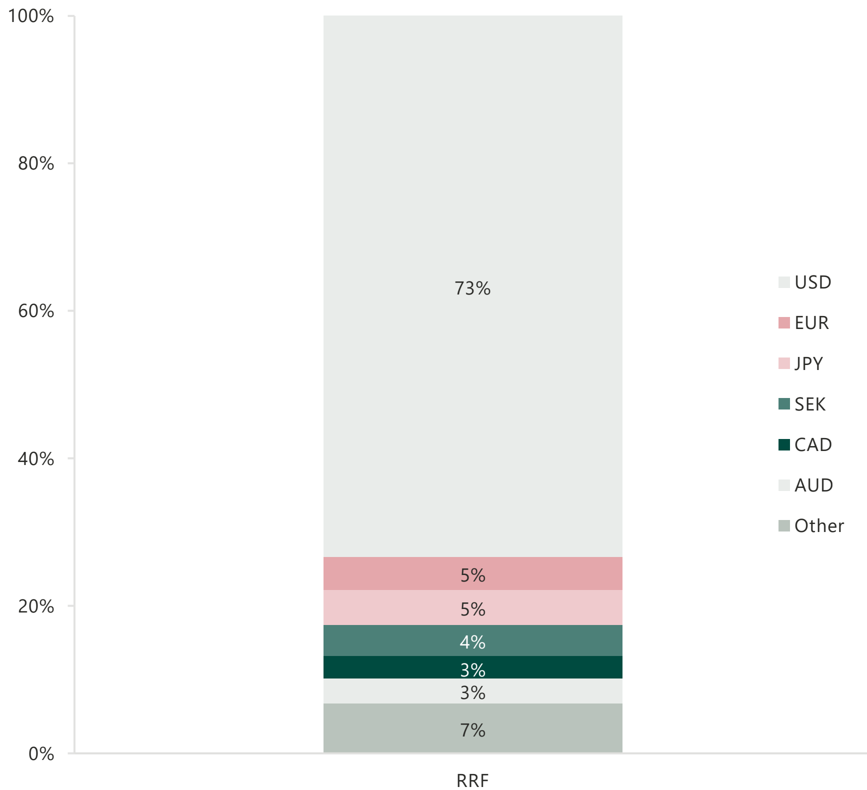
Source: Bloomberg Finance L.P., Northern Trust | Drawdown calculation based on month-end NAVs

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

CG Real Return Fund

Portfolio yield, duration and currency exposure are actively managed

Currency Exposure



Duration and Yield[1]

	Weight	Duration (Yrs)	Real Yield (%)	Rating
United States	73%	8.1	1.7%	AA
Germany	5%	0.8	1.6%	AAA
Japan	5%	1.7	-1.7%	A
Sweden	4%	1.9	1.4%	AAA
Canada	3%	1.6	0.6%	AAA
Australia	3%	5.9	1.9%	AAA
New Zealand	3%	2.8	1.5%	AAA
Denmark	1%	5.4	0.7%	AAA
Cash	3%	N/A	N/A	N/A
Total	100%[2]	6.5	1.5%	AA

1. *Source: Bloomberg Finance LP, Northern Trust. Duration refers to Option Adjusted Duration, Real Yield refers to the Real Yield to Maturity. Rating refers to the sovereign credit rating*
2. *All weightings rounded to the nearest whole number.*

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

Breakdown of holdings

Largest Bond Holdings

US I/L 1.75% 15/01/34	6.7%
US I/L 1.50% 15/02/53	6.6%
US I/L 2.125% 15/02/54	6.3%
US I/L 0.875% 15/01/29	5.7%
US I/L 3.875% 15/04/29	5.4%

Credit ratings

AAA	19%
AA	76%
A	5%
BBB	0%
BB and below	0%

Characteristics

Number of bonds	36
Yield to maturity (real)	1.5%
Average maturity	7.6 Yrs
Average coupon (real)	1.5%
Composite rating	AA

Source: Bloomberg Finance LP, Northern Trust.

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

Why index-linked?

The role of index-linked bonds in a multi-asset portfolio

cgam

Why index-linked?

Index-linked bonds are a fundamental component of a diversified portfolio

Inflation as greatest risk to investor wealth

Against which equities are only a partial hedge

Significant risk of inflation persistence

The historical record does not support a swift return to the target

Historic outperformance vs nominal bonds

Such outperformance is likely to persist into the future

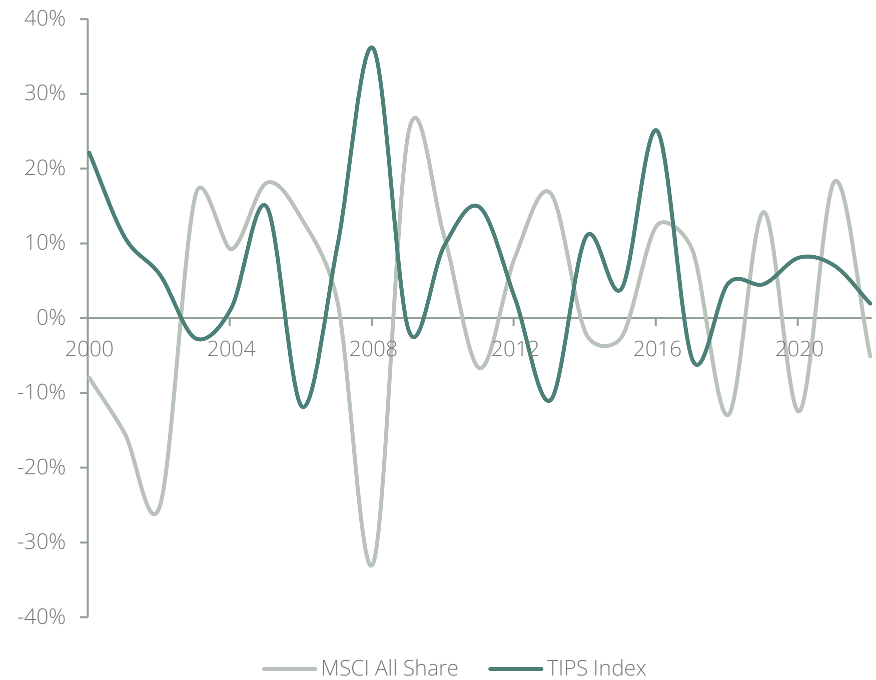
Negative correlation with risk assets

Index linked have historically proven to be a good hedge against a portfolio of risk assets

Protection against financial repression

Only asset that we believe is likely to deliver protection

Annual Returns % of UK Stocks and TIPS – unhedged in GBP (1998 – 2022)



Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

Why index-linked?

Index-linked bonds have outperformed nominal bonds since the turn of the century. Why? Because the market systematically underestimates realised inflation

Index-Linked Bond – Total Returns (UK)

Index-Linked Bond – Total Returns (US)

Source: Bloomberg Finance L.P.

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

Index-linked bonds perform well in scenarios where equities do not, and are the most reliable portfolio protector against stagflation

High Growth

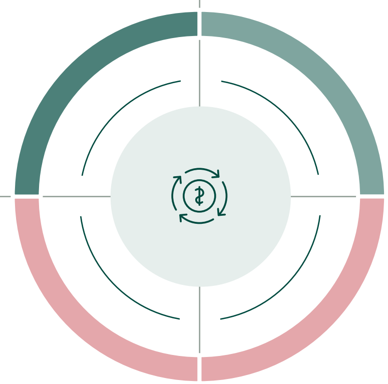
Expansion

- ✓ Equities do best
- ✓ Commodities do well
- × Index-linked bonds do poorly
- × Nominal bonds do poorly

Inflationary Boom

- ✓ Equities and commodities do well

Low Inflation



High Inflation

Recession

- ✓ Nominal bonds do best
- ✓ Index-linked bonds do well

Stagflation

- ✓ Index-linked bonds perform well

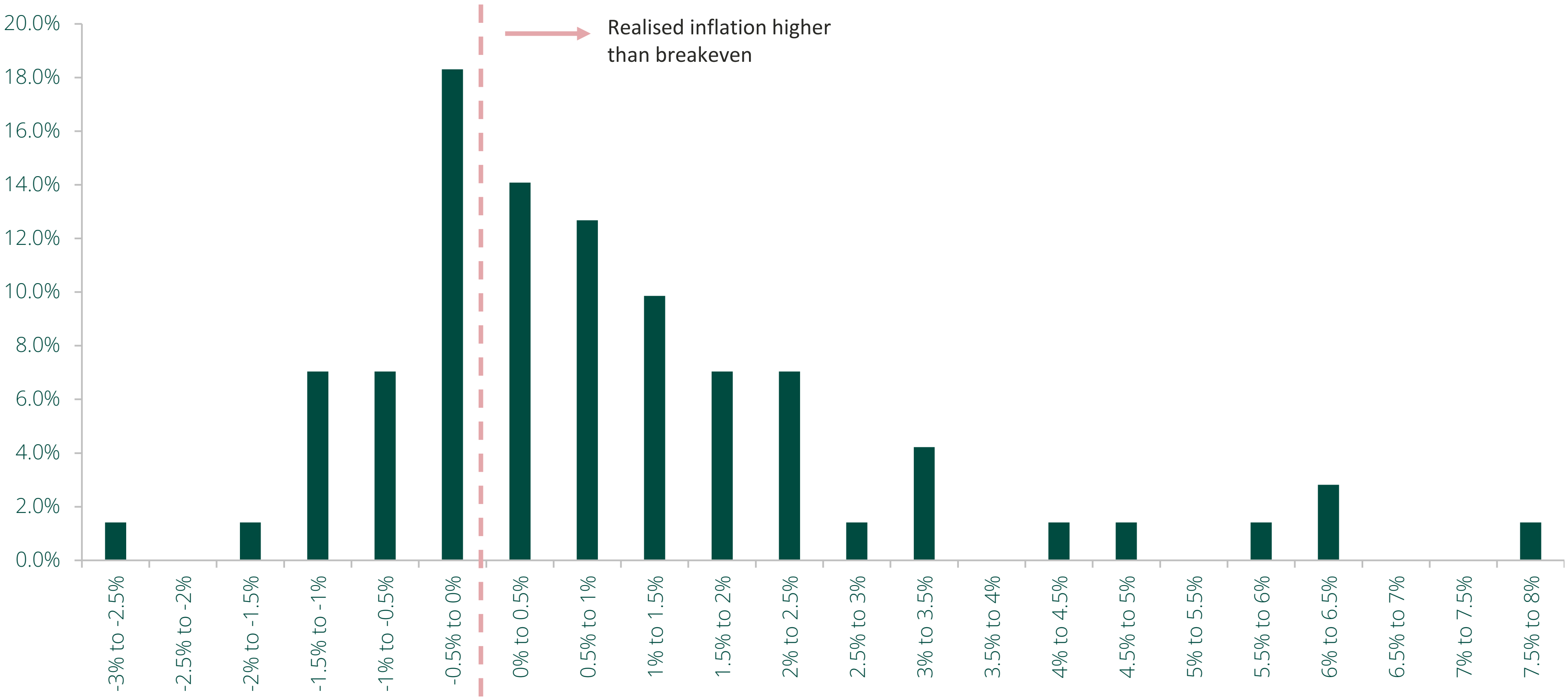
Low Growth

Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

Why index-linked?

As measured by realised inflation vs. breakevens, markets routinely underestimate inflation – by an average of 1% since 2004

Difference between 2Y Breakeven and subsequent realised inflation (% annualised)



Past performance is not indicative of future results
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025

CG Asset Management

Investment Considerations for Fixed Income Securities

cgam

The principles underpinning our investment approach

Be honest

No greenwashing, no PR-led initiatives, no jargon. We believe in an accurate presentation of our activities not a marketing campaign.

One firm, one rule

Our standards apply to all the funds we advise. We do not have ethical and by implication unethical funds.

Ethics, not mathematics

There is no formula that can be applied in a uniform way to every situation. We emphasise judgement over simplistic third party ESG scoring systems.

Don't disinvest, engage

When investors have the influence to effect change, it is most valuable to encourage positive transition rather than engage in blanket disinvestment.

Targeted

As a small firm, we must focus our efforts where they will have the most influence, rather than taking a generalist approach.

Governance

Investors have multiple direct mechanisms to influence governance, so we primarily focus on governance even when the ultimate objective consists of other priorities.

Integration, not separation

The entire team is collectively responsible for stewardship activities, with the ultimate responsibility lying with the chief executive. We do not have a standalone responsible investment team.

Act, with humility

Every action results in both intended and unintended consequences. Reflect deeply on the risk that good intentions can lead to unintended negative outcomes.

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

Considerations in the investment process

Direct Government Securities

A majority of the assets held by the funds are invested in direct holdings of securities issues by governments including bonds, bills and cash.

When investing, we consider indices compiled by a range of NGOs and require sovereigns, at a minimum, to achieve strong rankings in at least four out of five of these criteria. In addition to using third party indices, we also overlay our own subjective assessments which typically leads to material additional exclusions.

As we manage funds that invest exclusively in US and UK bonds respectively these jurisdictions will always be included but other sovereigns are subject to these exclusion criteria.

ESG Criteria Applied

Index	Criteria
World Bank governance effectiveness index	Top quartile
World press freedom index	Good or satisfactory
Global freedom score	Free rating
UN human development index	Very high human development rank
Net zero by 2050 statement	Statement of intent by 2050 or earlier

Resultant Investable Universe

United Kingdom	**Japan**
United States	**Canada**
Germany	**Australia**
Sweden	**New Zealand**
Denmark	

Past performance is not indicative of future results.
CG Asset Management Limited is authorised and regulated by the Financial Conduct Authority FRN:195763 © 2025.

IR@cgasset.com
+44 20 3906 1643
20 King Street, London, EC2V 8EG

www.cgasset.com

cgam