

A black and white photograph of two mountain goats standing on a dark, craggy rock face. The goat on the left is standing upright, facing slightly towards the viewer. The goat on the right is in a more crouched position, facing towards the left. The background is a dark, textured rock wall.

# CG Asset Management

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*CG Dollar Fund*

July 2025

**cgam**

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# *CG Dollar Fund*

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## *Overview*



# CG Dollar Fund Overview

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## Investment Objective



- To achieve **long-term capital appreciation and income growth** via long-only investment in US government inflation-linked bonds
- Simple low-cost approach, no gearing, no short selling
- The fund is actively managed, without reference to a benchmark

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## Fees and Structure



- Size: **£461m** (launched in May 2009)
- Management Fee: **0.25%** (<£1bn) / **0.15%** (>£1bn) | Total Expense Ratio: 0.37%
- Daily priced Irish UCITS
- Available in GBP hedged, EUR hedged and USD unhedged share classes

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## 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

# CG Asset Management Overview

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**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 in partnership with our clients

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## What makes us different?

### The firm's founding principles



## What does that mean for our clients?

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**

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## Employee owned



- Majority owned by an Employee Ownership Trust, which means we will remain independent
- All portfolio managers are significant shareholders in CGAM

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## 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

## Overview

# Funds Summary

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

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

# *Investment Process*

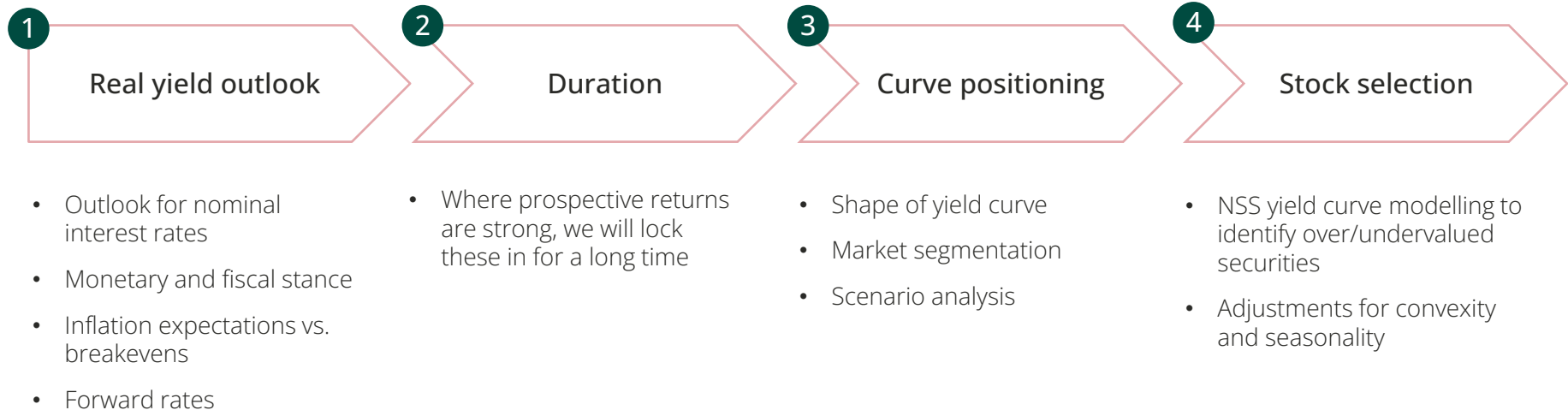
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*CG Dollar Fund*



## CG Dollar Fund's positioning is decided via a top-down process

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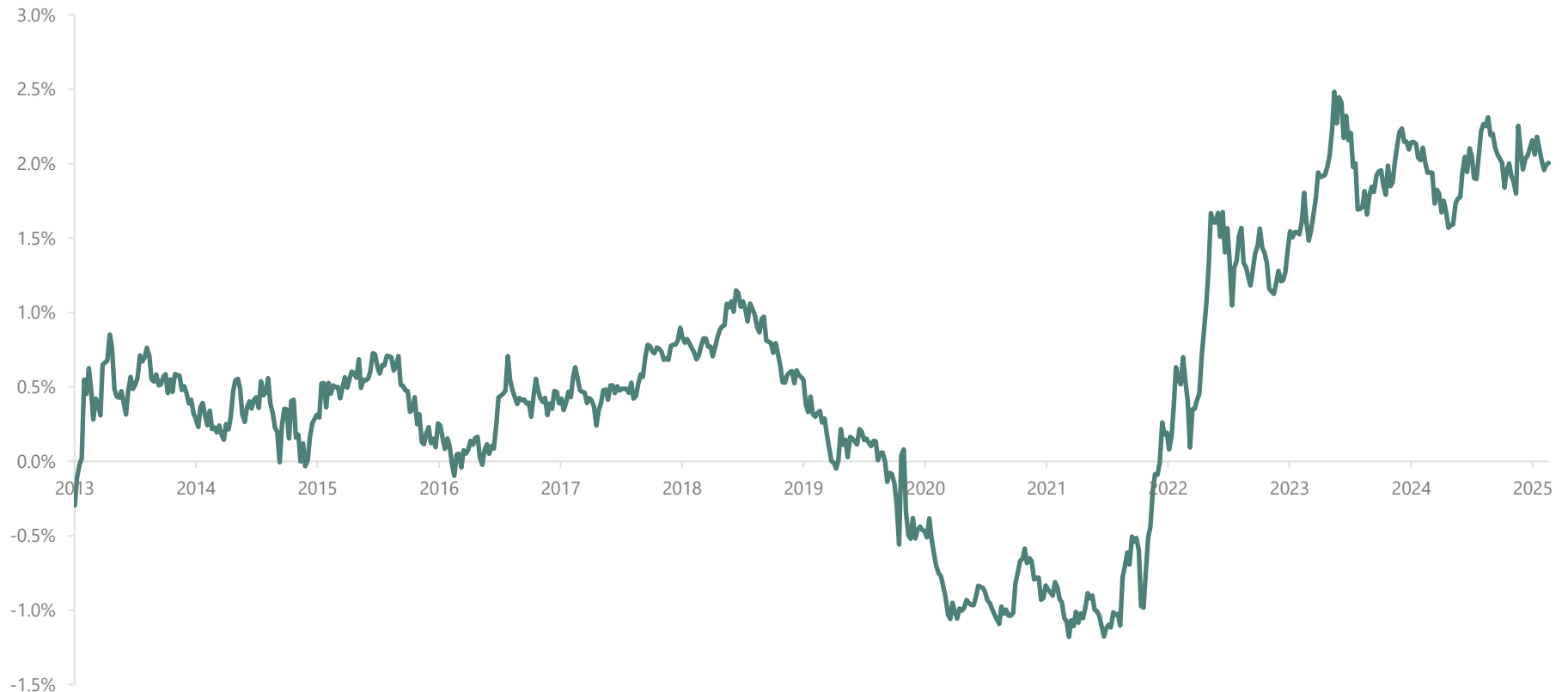


## Investment Process

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

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### 10Y US TIPS Yield history

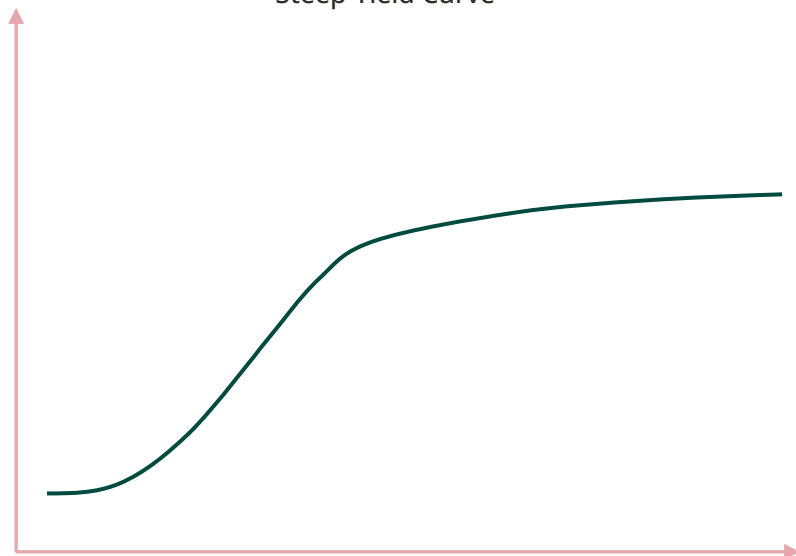


Source: Bloomberg Finance L.P.

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

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Steep Yield Curve



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

Flat Yield Curve



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

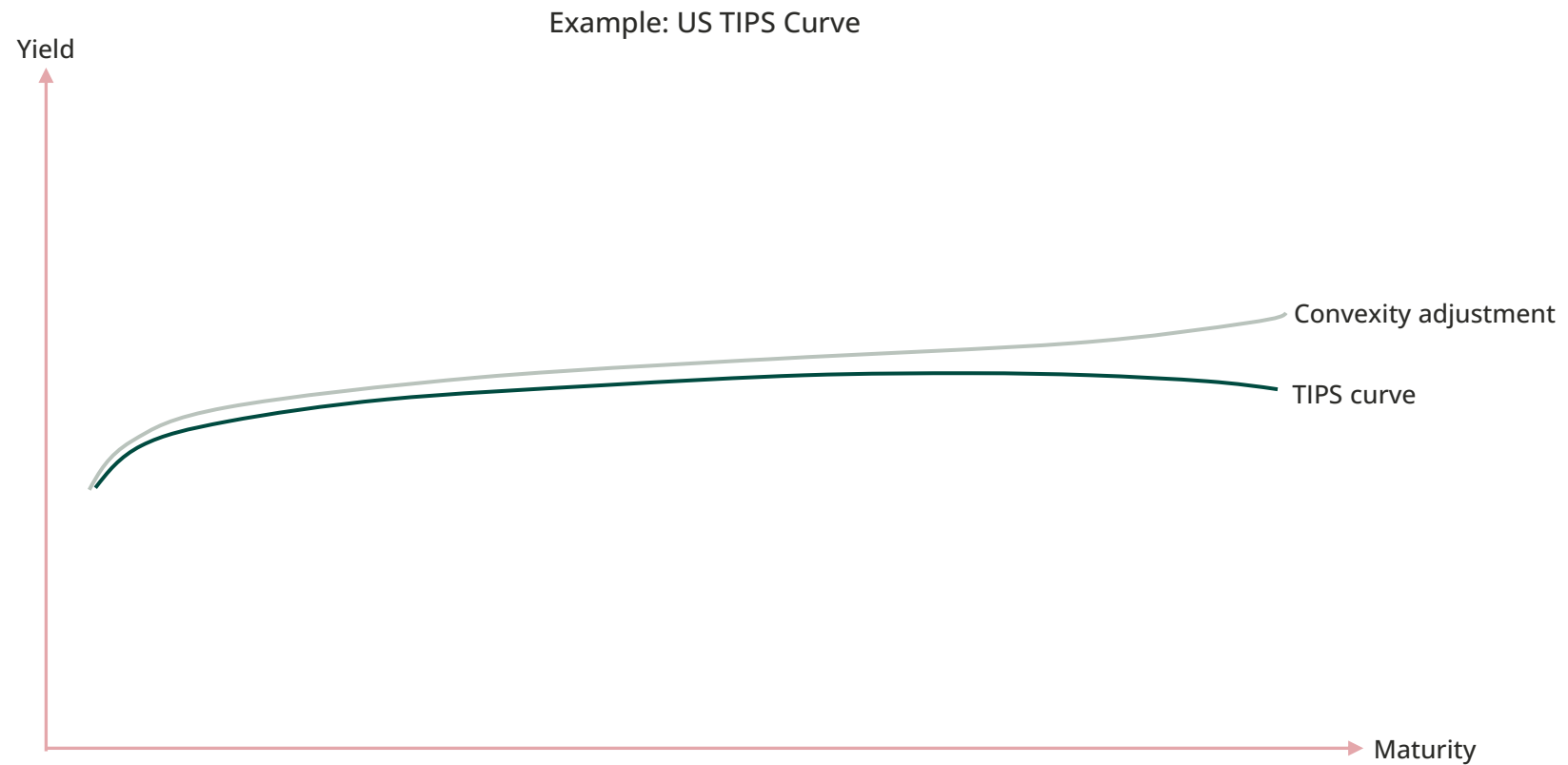
**We use a Nelson Siegel Svensson formula to identify individual under and overpriced bonds**

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

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

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# *CG Dollar Fund*

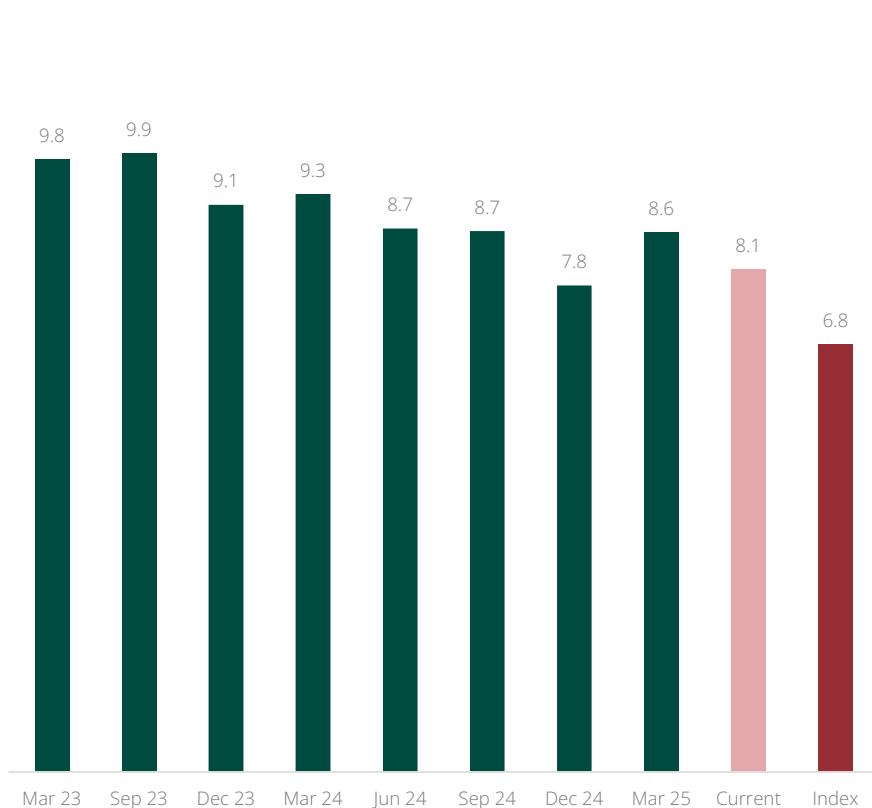
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*Positioning and Returns*

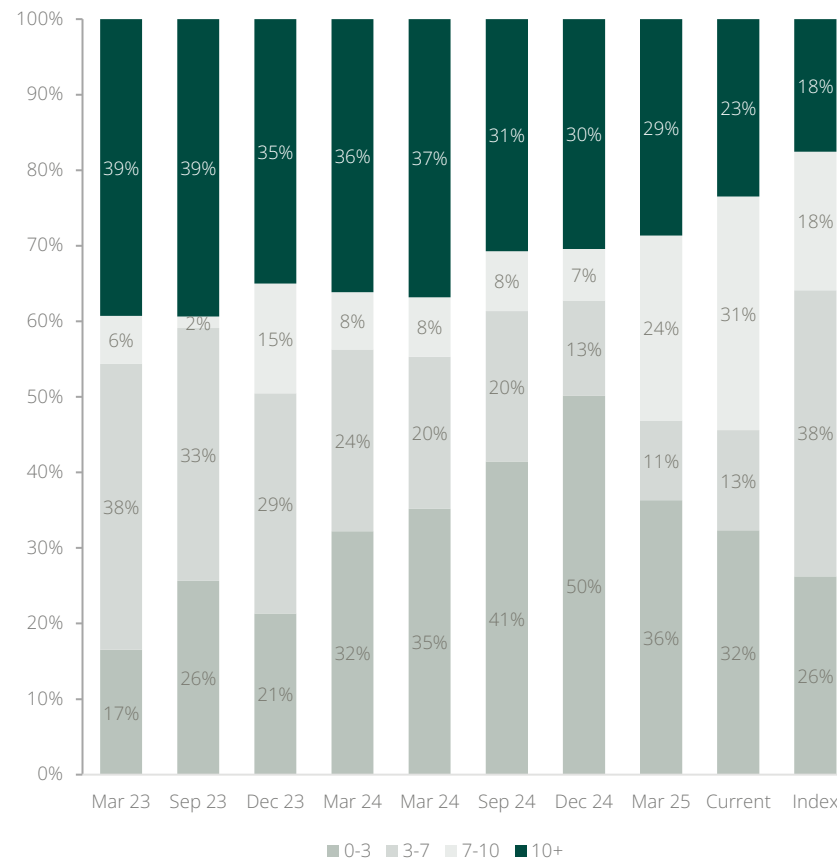


## In response to the attractive yields on offer, the Dollar Fund's duration is longer than the index

Portfolio Duration (Years)



Portfolio Curve Positioning – By Maturity Bucket (Years)



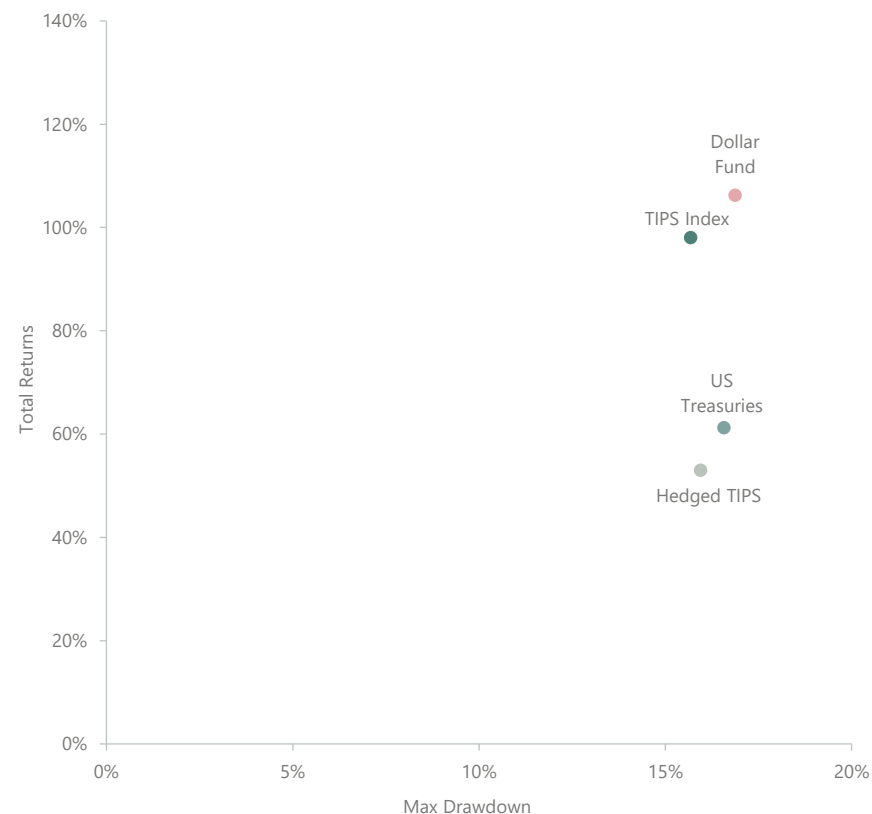
Source: Bloomberg Finance L.P., Northern Trust

## CG Dollar Fund has outperformed its benchmark over its >10-year life

### Fund Performance – Since Inception



### Risk and Return – Since Inception



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

## Breakdown of holdings

| Largest Bond Holdings  |       | Credit ratings |      | Characteristics          |         |
|------------------------|-------|----------------|------|--------------------------|---------|
| US I/L 1.375% 15/07/33 | 10.4% | AAA            | 0%   | Number of bonds          | 27      |
| US I/L 1.50% 15/02/53  | 8.7%  | AA             | 100% | Yield to maturity (real) | 1.8%    |
| US I/L 1.75% 15/01/34  | 6.0%  | A              | 0%   | Average maturity         | 9.3 Yrs |
| US I/L 1.125% 15/01/33 | 5.8%  | BBB            | 0%   | Average coupon (real)    | 1.3%    |
| US I/L 1.875% 15/07/34 | 5.2%  | BB and below   | 0%   | Composite rating         | AA      |

Source: Bloomberg Finance LP, Northern Trust.

# *Why index-linked?*

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



## 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

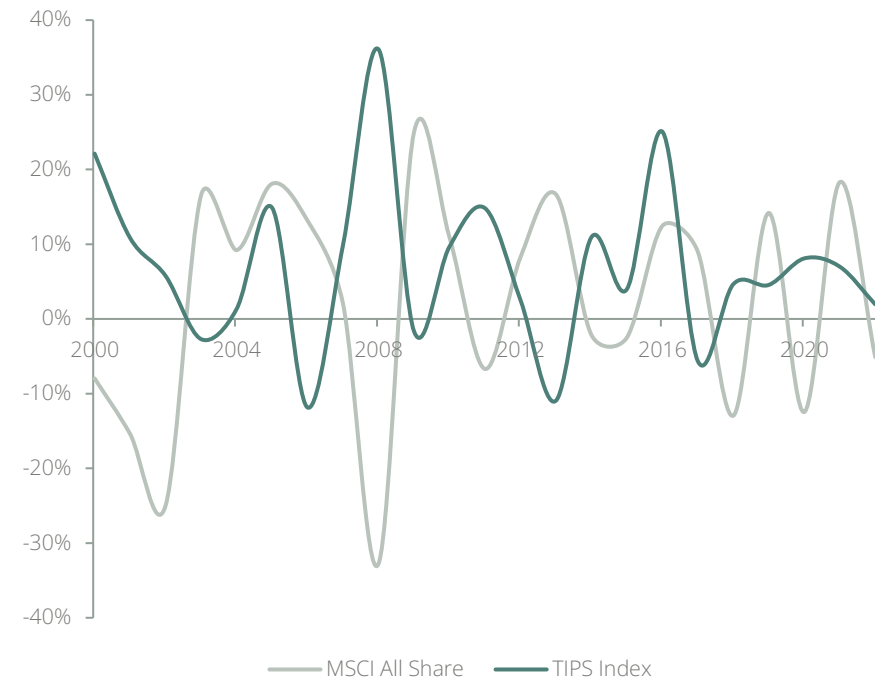
## Negative correlation with risk assets

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)



### 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)



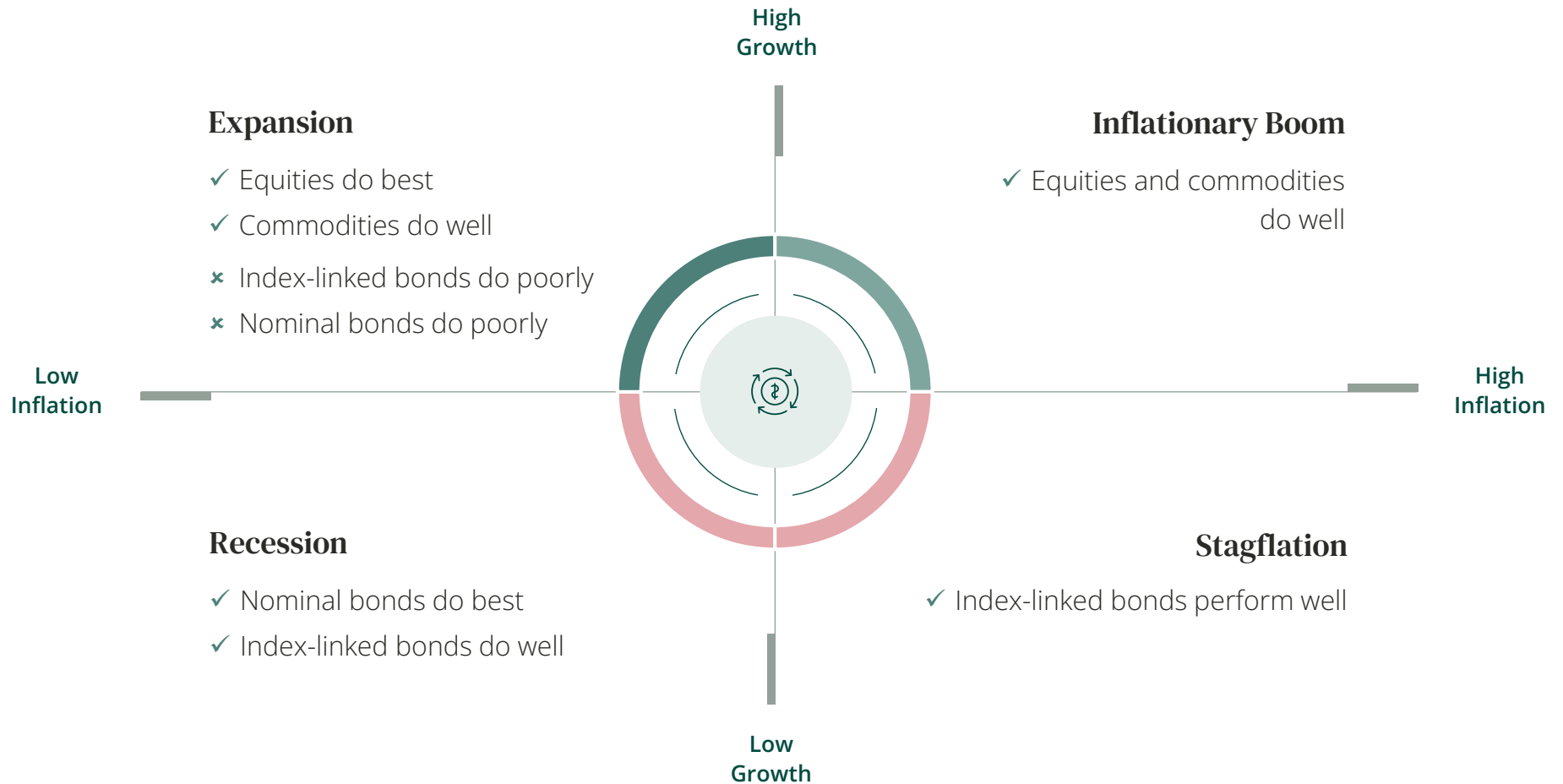
Index-Linked Bond – Total Returns (US)



Source: Bloomberg Finance L.P.

## Why index-linked?

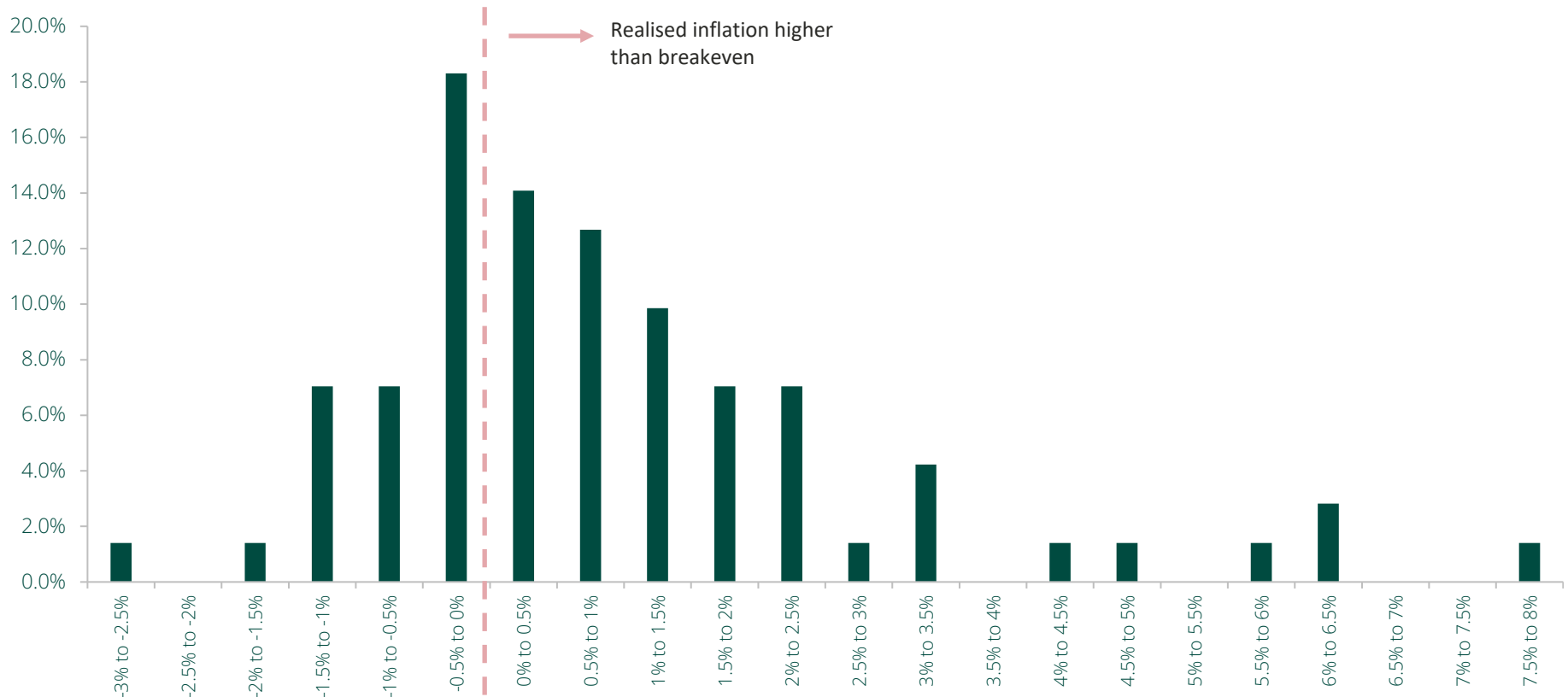
# Index-linked bonds perform well in scenarios where equities do not, and are the most reliable portfolio protector against stagflation



*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)



# *CG Dollar Fund*

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*Investment Approach*



# The principles underpinning our investment approach

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## Be honest

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

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## One firm, one rule

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

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## 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.

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## 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.

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## Targeted

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

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## Governance

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

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## 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.

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## 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.

## 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        |             |

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