

## CG Multi-Asset Funds

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

Fund	Q4 2023 Performance	12-month Performance*
Capital Gearing Trust (open)	+3.4%	+1.3%
CG Absolute Return Fund (open)	+3.5%	+1.9%
CG Absolute Return Fund (EUR Hedged) (open)	+3.1%	n.a.
CG Absolute Return Fund (USD Hedged) (open)	+3.7%	n.a.
CG Portfolio Fund (Closed)	+3.5%	+1.1%

\*to 29 December 2023

- The asset allocation breakdown of the multi-asset portfolios was 27% in risk assets, 50% in index-linked government bonds, 13% in corporate credit, 1% in gold, and the remainder in cash and Treasury Bills (approximately 9%)
- Risk assets (27% of the portfolio) delivered +6% returns over the quarter, with Energy equities reduced to 2.7% and Japanese equities reduced to 4% of the portfolio
- A portion of the risk assets was recycled into investment trusts, merger arbitrage opportunities and alternatives
- Alternatives delivered a strong quarter with positive returns from property holdings (+14%, 4% of portfolio) and infrastructure (+7%, 6% of the portfolio)
- Index linked government bonds returned +3% over the period with the weight increased by 7%, primarily in the UK to 50% of the portfolio
- The average duration of these holdings is 6.9 years, split across the UK (28% of the portfolio), US (16%) and c.6% in Japan, Sweden, Canada and Australia
- UK Index-linked returned +3.3% as a modest lengthening into the belly of the curve early into the quarter benefited from falling yields, duration is 4.4 years
- In US TIPS (16% of the portfolio), lower interest rate expectations and the longer duration (10 years) led to strong capital gains which were partially offset by an appreciation in GBP, overall returns were +1.2% over the period
- Corporate credit which is 13% of the portfolio and largely investment grade, returned +3.4% over the quarter, with duration modestly extended to 2.6 years
- The portfolio remains defensive, with an objective of capital preservation and inflation protection.

## CG Bond Funds

### Real Return Fund, Dollar Fund

Fund	Q4 2023 Performance	12-month Performance*
Real Return Fund (open)	+2.1%	-2.4%
Real Return Fund (GBP hedged) (open)	+4.8%	+2.6%
Dollar Fund (open)	+1.1%	-2.6%
Dollar Fund (GBP hedged) (open)	+5.3%	+2.3%
Dollar Fund (EUR hedged) (open)	+5.1%	n/a
Dollar Fund (USD Unhedged)	+5.7%	n/a

\*to 29 December 2023

#### Real Return Fund

- The fund returned +2.1% over the quarter, against +1.9% in the Global Index Linked ex. UK Index, and -2.4% against -0.9% over the past 12 months
- The hedged share class returned +4.8% over the quarter against +2.3% for the index, and +2.6% over the past 12 months versus +4.0% for the index
- US TIPS (70% of the portfolio) delivered +1.3% to the fund's performance benefiting from lower interest rate expectations and their longer duration relative to the index (9.6 years vs 6.8 years)
- Germany (10% of the portfolio) delivered +2.2% over the quarter benefiting from falling interest rate expectations and its relative overweight to the belly of the curve against the benchmark
- Canada (5% of the portfolio) returned +6%, with strong capital gains at the long end
- Japan (7% of the portfolio) returned +2.1% as the central bank continued its intervention under the yield curve control program
- Portfolio duration overall was maintained at 8.3 years, which is longer than the index duration of 7 years
- The current portfolio yield is 1.5% real

#### Dollar Fund

- The fund returned +1.1% over the quarter against +0.3% for the comparator index, and -2.6% over the past 12 months versus -2.0% for the index
- Headwinds from a strong sterling over this quarter were more than compensated by positive performance in longer dated maturities due to lower interest rate expectations
- The hedged share class returned +5.3% over the quarter against +4.5% for the index and +2.1% over the past 12 months against +2.8%
- Portfolio duration is 9.3 years which is longer than the index duration of 6.8 years
- The current portfolio yield is 2.1% real

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