



# CG Asset Management

---

*CG Real Return Fund*

May 2026

**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: **£180m** (launched in March 2004)
- Management Fee: **0.30%** (<£500m) / **0.20%** (>£500m) | Total Expense Ratio: 0.44%
- 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

Overview

# CG Asset Management Overview

---

**2001**

*Founded*

Founded in 2001 by Peter Spiller, former Chief Investment Officer and Chief Strategist of Cazenove

---

**£2.2bn**

*AUM*

£2.2bn in assets under management

---

**2**

*Strategies*

Manages two strategies, absolute return and real return, across six funds

---

**10**

*Employees*

Team of 10, based in London

---

**295x**

*Return*

Low-cost offering, with fee reductions regularly reviewed

---

**2**

*Down Years*

Capital Gearing Trust ("CGT") has returned 295x since 1982, with only two down years

---

# 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

### 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

## Overview

# Funds Summary

Strategy	Fund	ISIN	Launched	AUM <sup>6</sup>	Dealing Frequency <sup>2</sup>	AMC Fee	TER
Absolute Return Long only investments in a portfolio of bonds, equities and commodities	Capital Gearing Trust	GB0001738615	1982 <sup>1</sup>	£808m	Listed	0.42% <sup>3</sup>	0.58%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£588m	Daily	0.35%	0.50%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£207m	Daily	0.75%	0.90%
Real Return Long only investments in inflation-linked bonds	CG Real Return Fund (GBP Hedged available)	IE0034304117	2004	£180m	Daily	0.30% / 0.20% <sup>4</sup>	0.44%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£382m	Daily	0.25% / 0.15% <sup>5</sup>	0.40%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£25m	Daily	0.15%	0.30%

<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> April 2026

Overview

# CGAM Team

---

## Investments



**Peter Spiller**

*Co - Chief Investment Officer*



**Alastair Laing**

*CEO, Fund Manager*



**Chris Clothier**

*Co - Chief Investment Officer*



**Chris Taylor**

*Chief Risk and Compliance Officer*



**Jason Barlow**

*Head of Investment Operations*



**Katie Forbes**

*Head of Investor Relations*



**Hassan Raza, CFA**

*Portfolio Manager*



**Emma Moriarty**

*Portfolio Manager*



**Jock Henderson**

*Investment Analyst*



**Prath Ketheeswaran**

*Operations Manager*



**Finn**

*Chief Morale Officer*

## Operations and Risk

## Investor Relations

# *Investment Process*

---

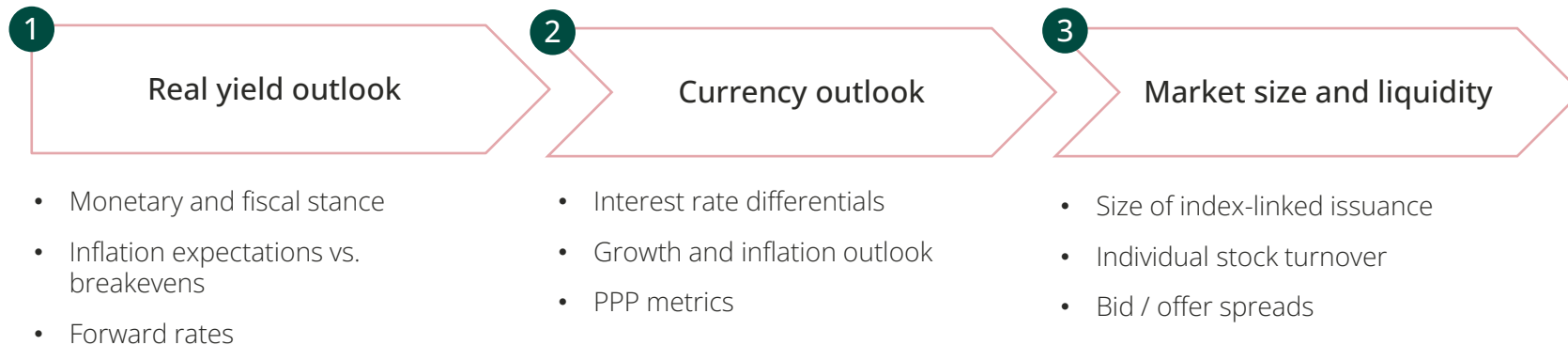
*CG Real Return Fund*

**cgam**

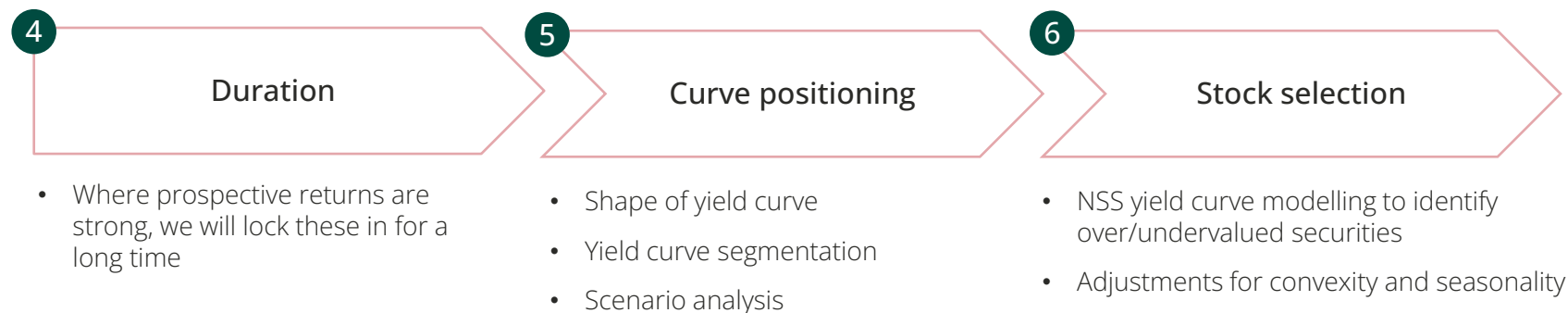
## CG Real Return Fund's asset allocation is decided in two stages

---

### Stage 1: Determine the target weighting for each sovereign issuer



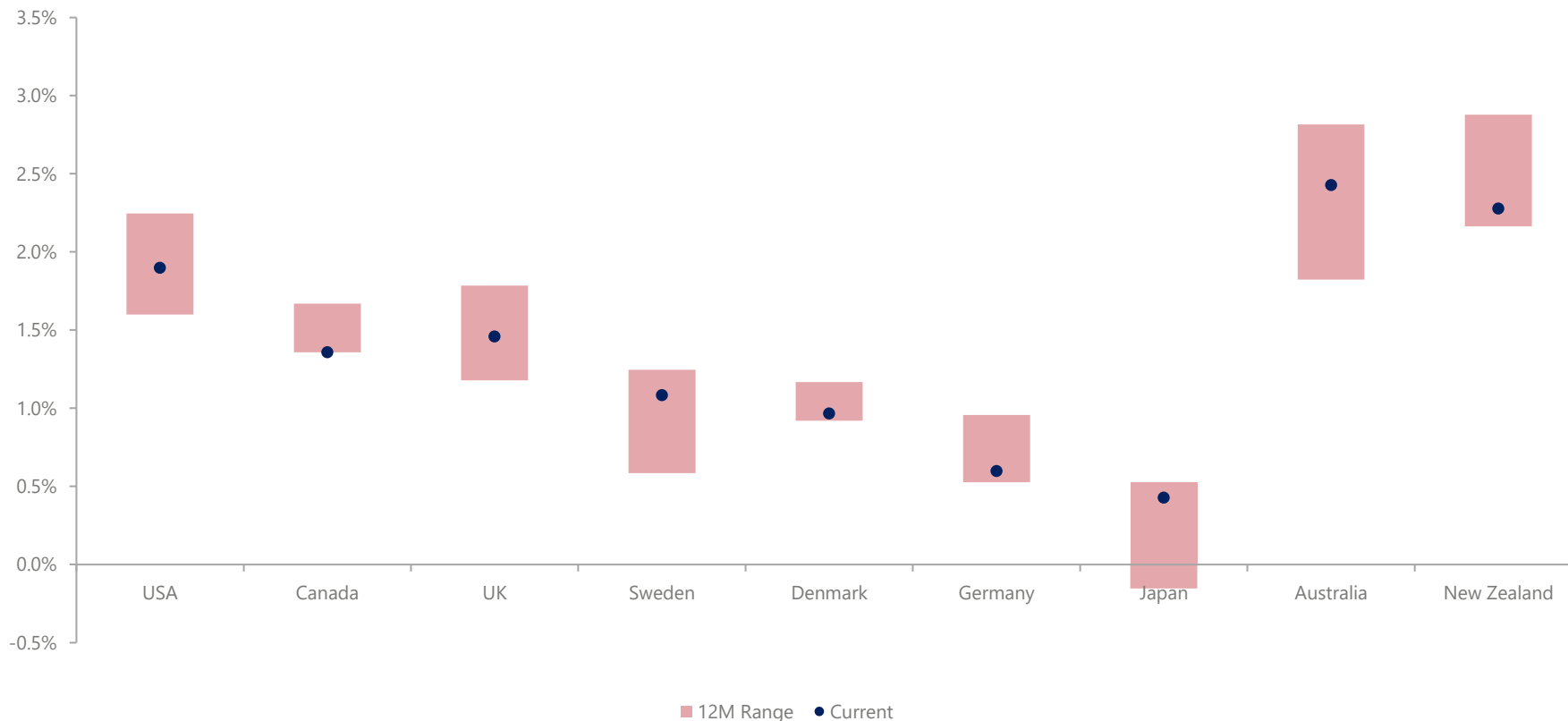
### Stage 2: For each sovereign allocation, determine appropriate positioning



## Investment Process

# 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.

*Investment Process*

# Long-term US real yields remain elevated compared with recent history and could potentially rise further, leading us to adopt a cautious approach to duration

## 10Y US TIPS Yield history

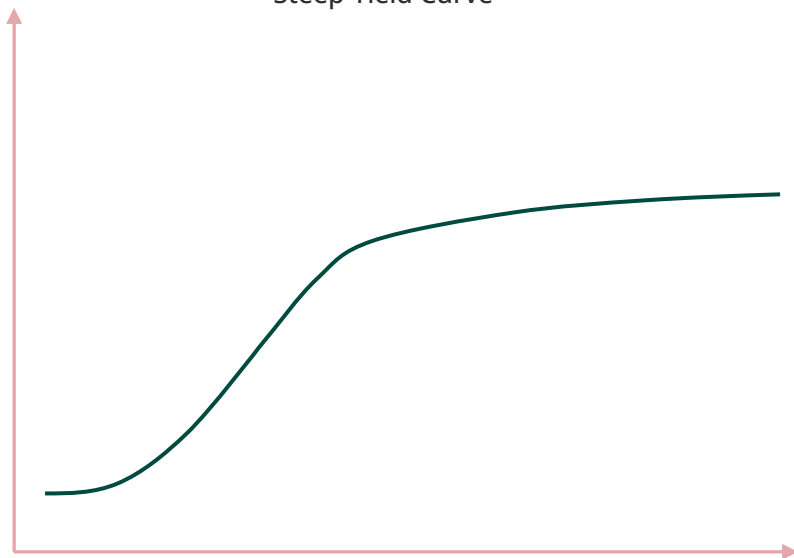


Source: Bloomberg Finance L.P.

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

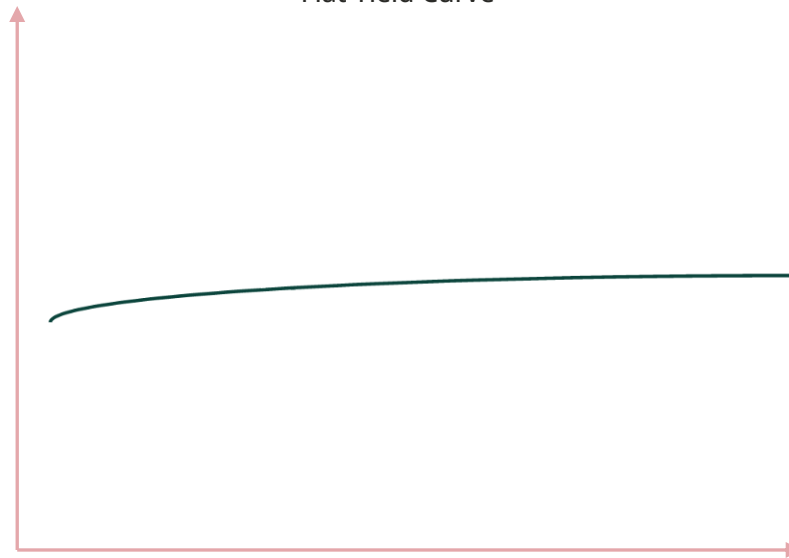
---

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.

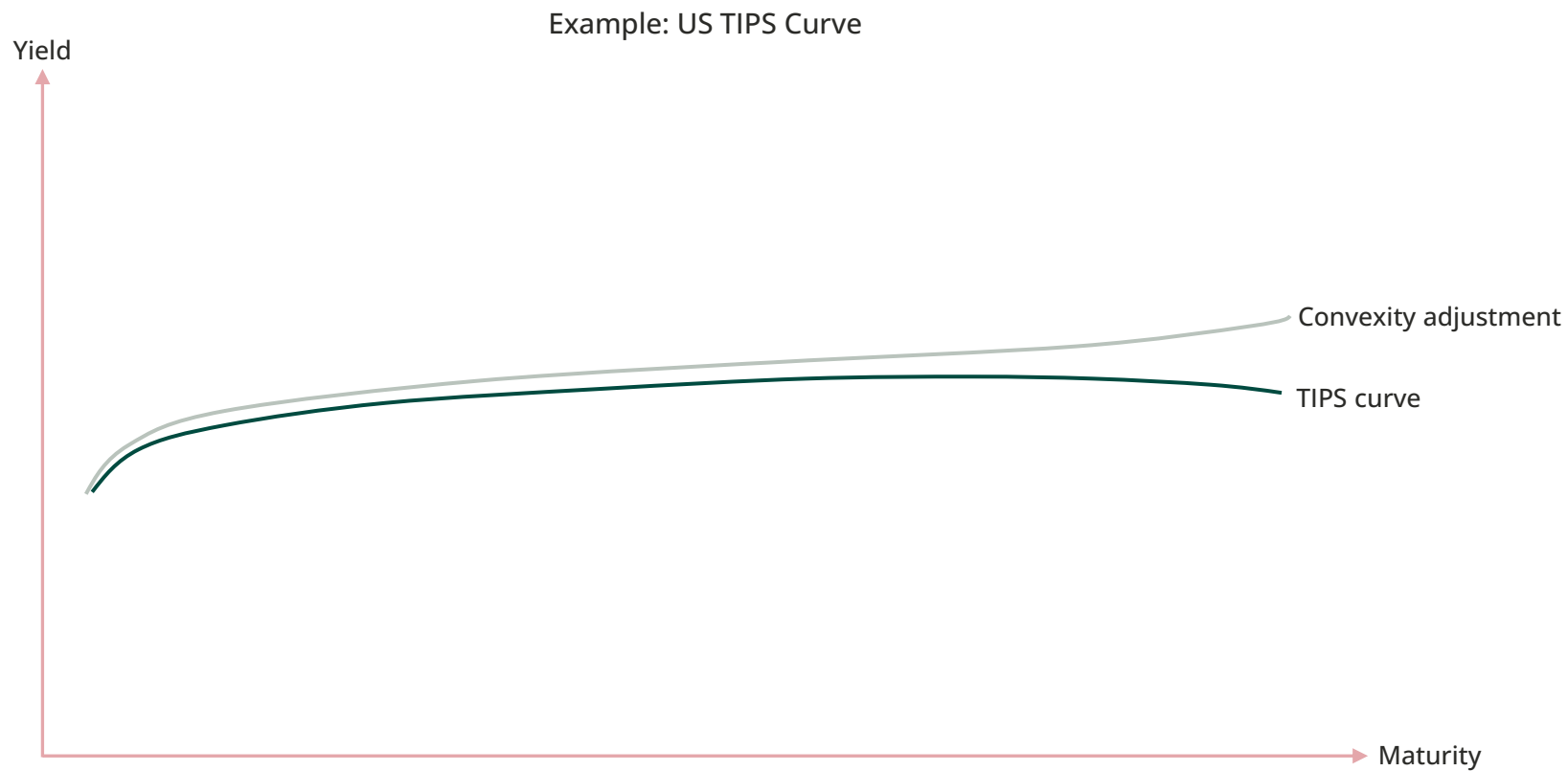
*Investment Process*

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

---

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

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



# *CG Real Return Fund*

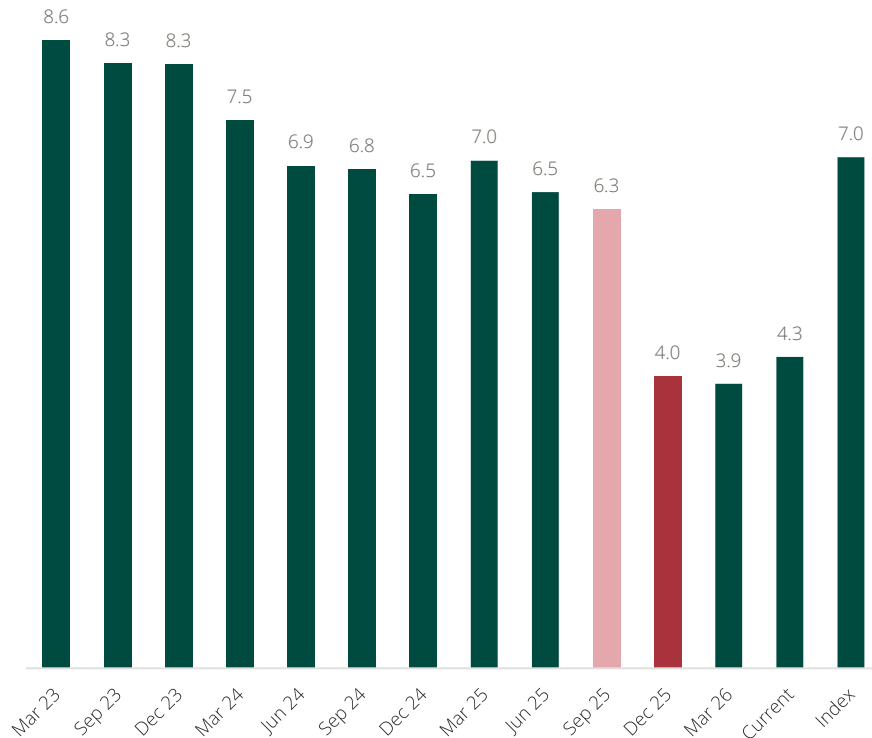
---

*Positioning and Returns*

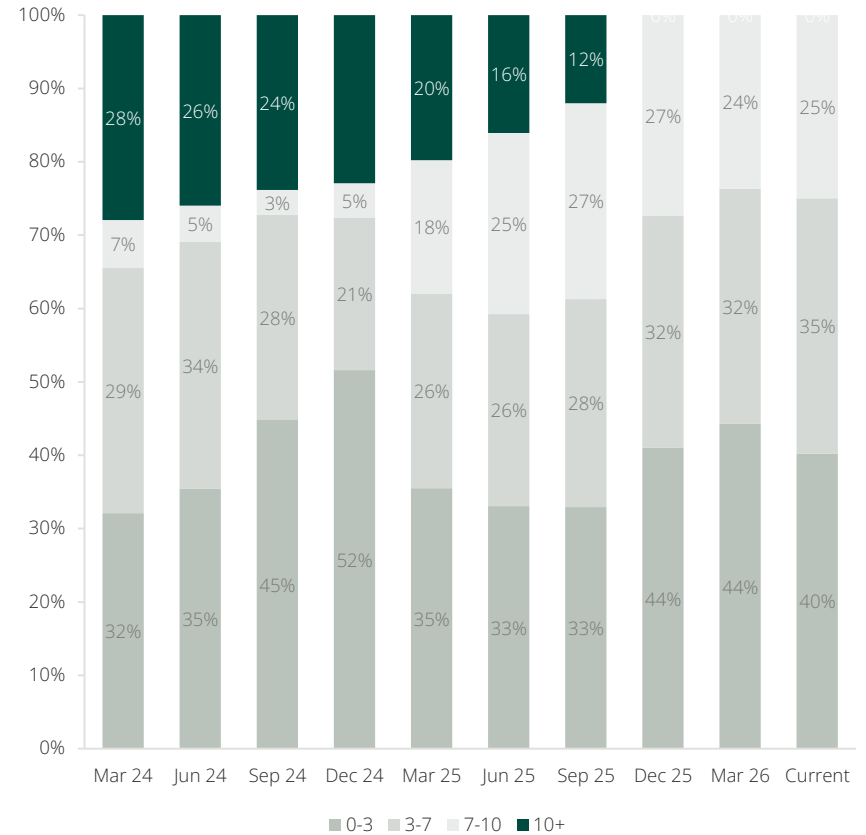
**cgam**

# Duration has been reduced further, and the fund is now materially shorter than the index

Portfolio Duration (Years)



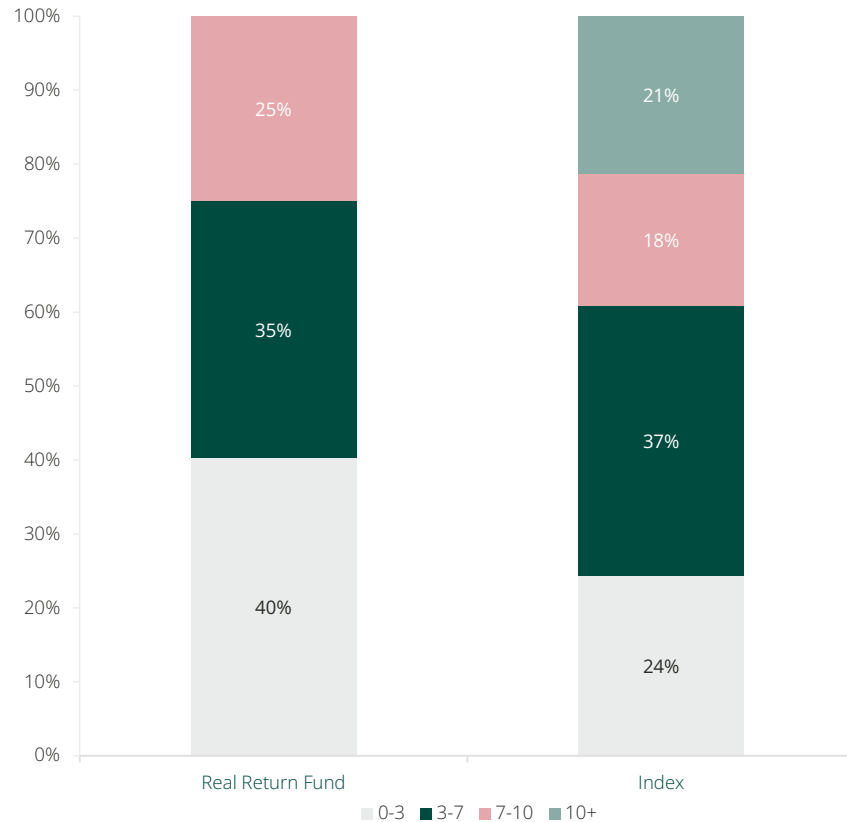
Portfolio Curve Positioning – By Maturity Bucket (Years)



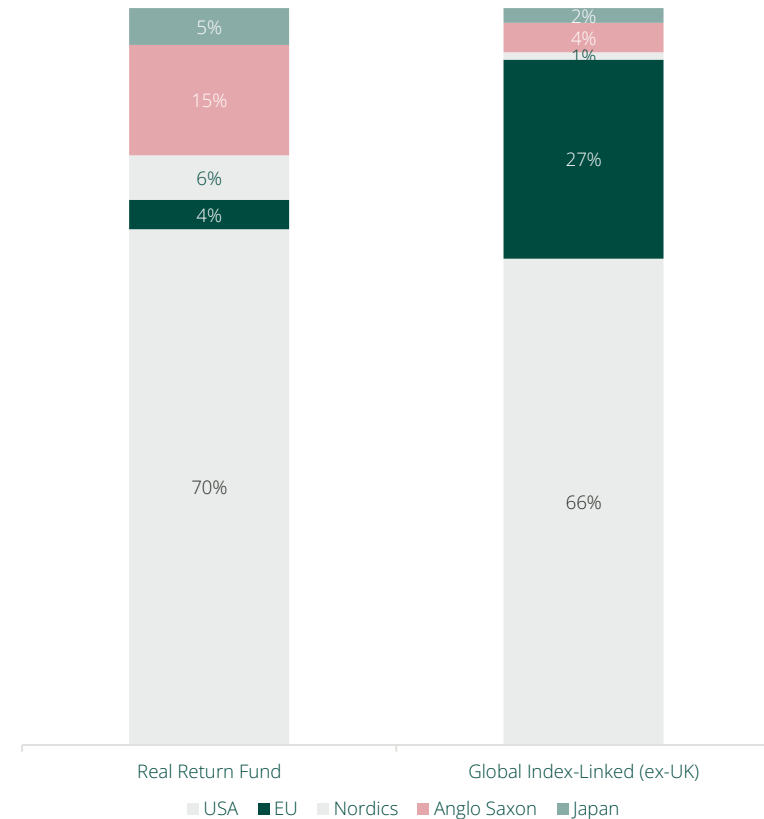
Source: Bloomberg Finance L.P., Northern Trust  
 Index refers to the Unhedged Bloomberg World ex UK Inflation Linked Bonds Index

# 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



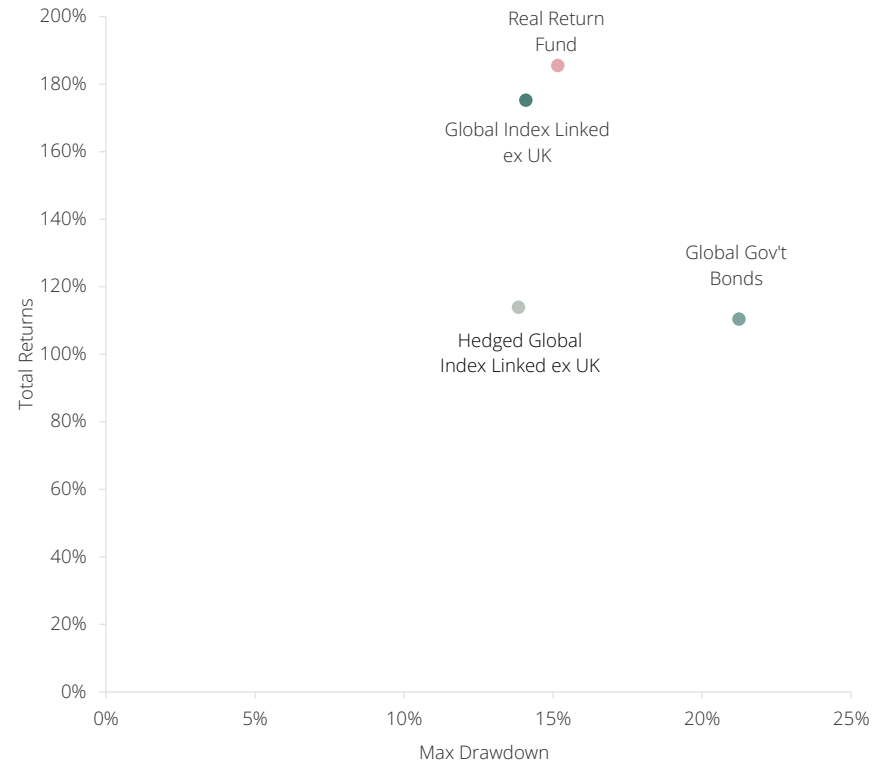
Source: Bloomberg Finance L.P., Northern Trust  
 Index refers to the Unhedged Bloomberg World ex UK Inflation Linked Bonds Index

# CG Real Return Fund has outperformed its benchmark since inception

## Fund Performance – Since Inception



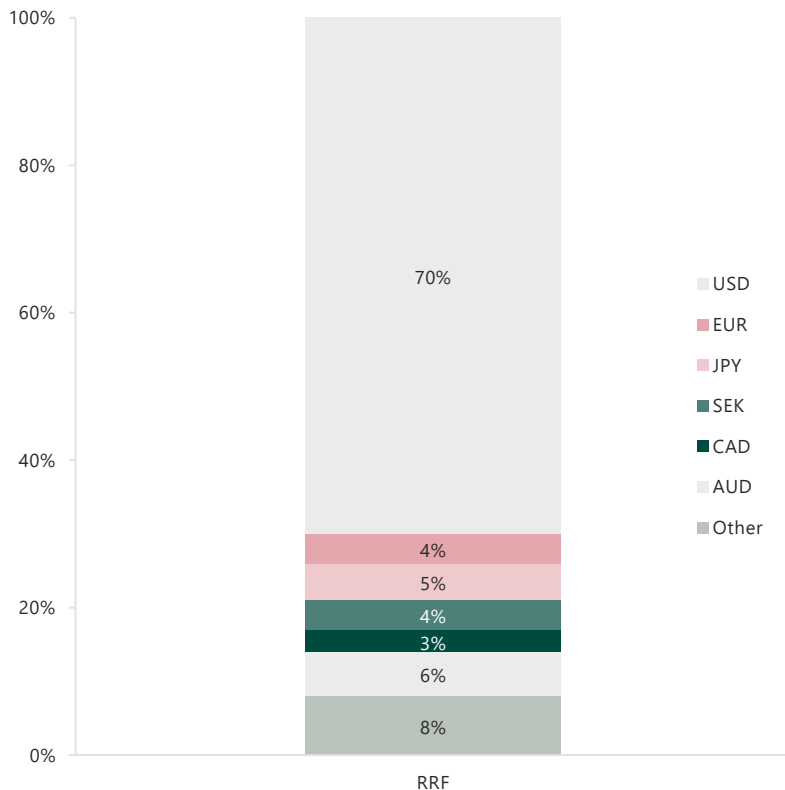
## Risk and Return – Since Inception



Source: Bloomberg Finance L.P., Northern Trust | Drawdown calculation based on month-end NAVs  
 Global Gov't Bond refers to the Bloomberg Global Treasury Index, Global Index Linked ex UK refers to the Unhedged Bloomberg World ex UK Inflation Linked Bond Index and the Hedged Global Index Linked ex UK refers to the Sterling Hedged Bloomberg World ex UK Inflation Linked Bonds Index

# Portfolio yield, duration and currency exposure are actively managed

## Currency Exposure



## Duration, Yield<sup>1</sup> and Performance<sup>2</sup>

	Weight	Duration (Yrs)	Real Yield (%)	Rating	3m Performance	LTM Performance
United States	70%	4.4	1.2%	AA	3.0%	2.5%
Germany	4%	3.9	0.2%	AAA	0.8%	4.6%
Japan	5%	0.8	1.1% <sup>4</sup>	A	-0.6%	-10.0%
Australia	6%	6.6	2.2%	AAA	4.9%	13.5%
Sweden	4%	0.9	6.0%	AAA	-2.8%	-6.3%
New Zealand	5%	6.1	2.0%	AAA	0.1%	3.2%
Canada	3%	5.0	1.0%	AAA	1.5%	2.4%
Denmark	2%	2.0	0.3%	AAA	1.0%	3.7%
Cash	1%	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>100%<sup>3</sup></b>	<b>4.3</b>	<b>1.4%</b>	<b>AA</b>	<b>2.4%</b>	<b>2.5%</b>

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. Performance is the total return figure (net of fees)

3. All weightings rounded to the nearest whole number.

4. Showing the yield to maturity figure

## Breakdown of holdings

Largest Bond Holdings		Credit ratings		Characteristics	
US I/L 1.25% 15/04/28	8.7%	AAA	24%	Number of bonds	37
US I/L 0.875% 15/01/29	6.6%	AA	71%	Yield to maturity (real)	1.4%
US I/L 3.875% 15/04/29	6.2%	A	5%	Average maturity	4.6 Yrs
US I/L 0.125% 15/01/30	5.9%	BBB	0%	Average coupon (real)	1.4%
US I/L 1.375% 15/07/33	5.6%	BB and below	0%	Composite rating	AA

Source: Bloomberg Finance LP, Northern Trust.

# *Why inflation-linked?*

---

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

**cgam**

## Why inflation-linked?

# Inflation-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

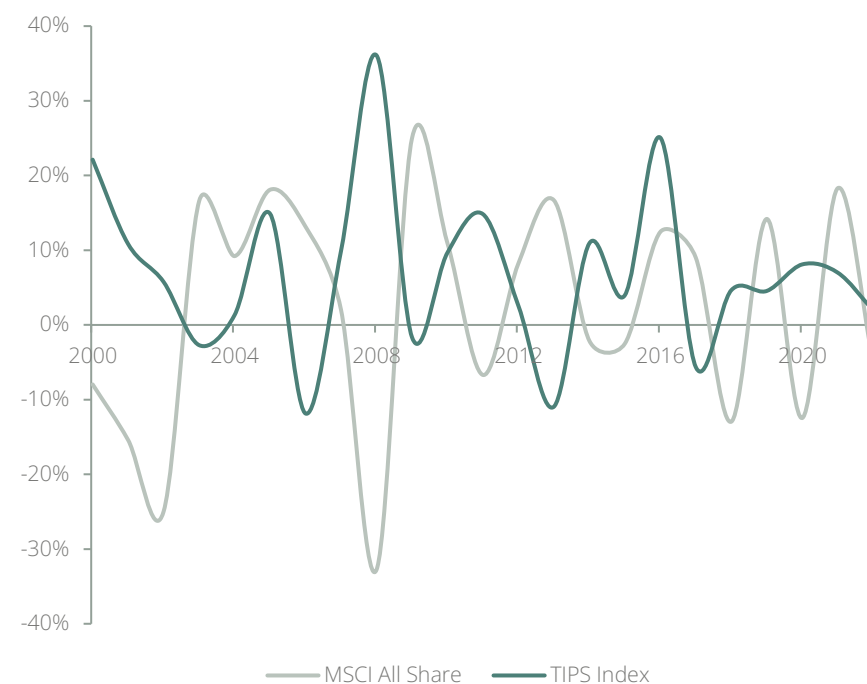
### Negative correlation with risk assets

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 inflation-linked?

**Inflation-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 (US)



Index-Linked Bond – Total Returns (UK)

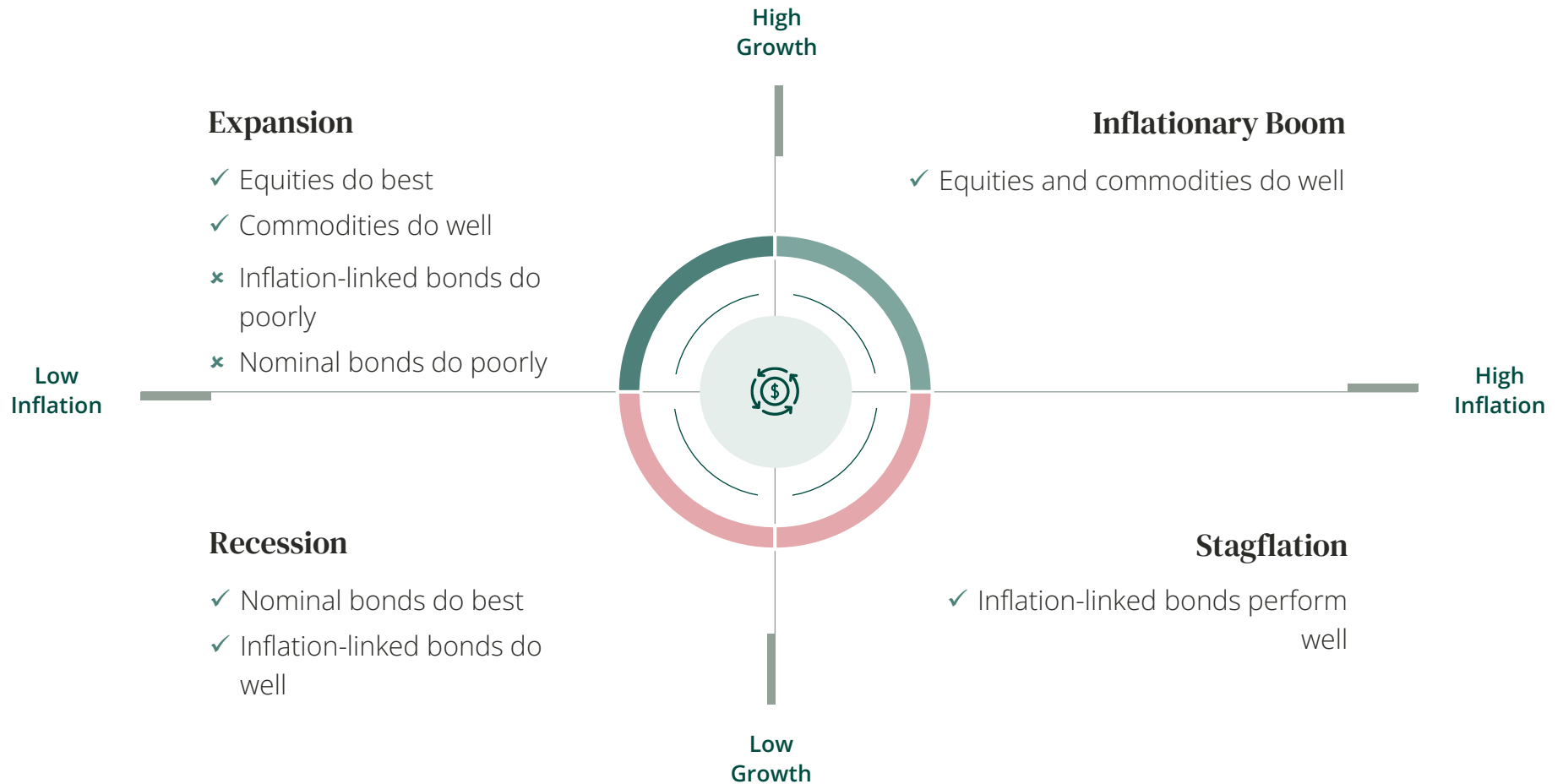


Source: Bloomberg Finance L.P.

US Nominals refers to the Bloomberg US Treasury Index, TIPS refers to the Bloomberg US Treasury Inflation-Linked Bond Index, UK Gilts refers to the Bloomberg Sterling Gilt Index and UK Linkers refers to the Bloomberg UK Govt Inflation-Linked Index

*Why inflation-linked?*

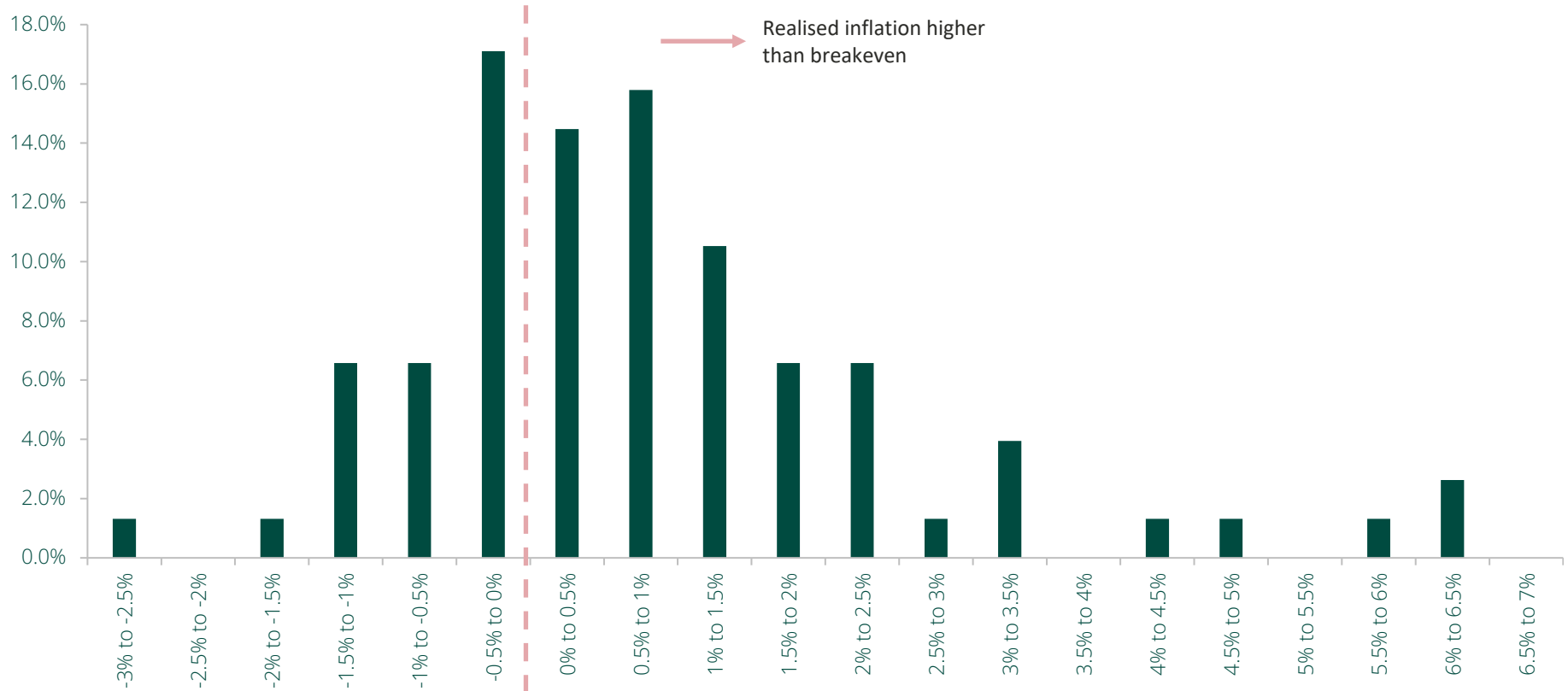
# **Inflation-linked bonds perform well in scenarios where equities do not, and are the most reliable portfolio protector against stagflation**



*Why inflation-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 Asset Management*

---

*Investment Considerations for Direct Government Securities*



# 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.

# 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	

---

[IR@cgasset.com](mailto:IR@cgasset.com)

+44 20 3906 1643

20 King Street, London, EC2V 8EG

[www.cgasset.com](http://www.cgasset.com)

**cgam**