



CGAM Investor Day

2nd December 2025
Grocers' Hall



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CGAM INVESTOR DAY**Agenda**

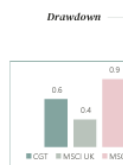
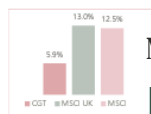
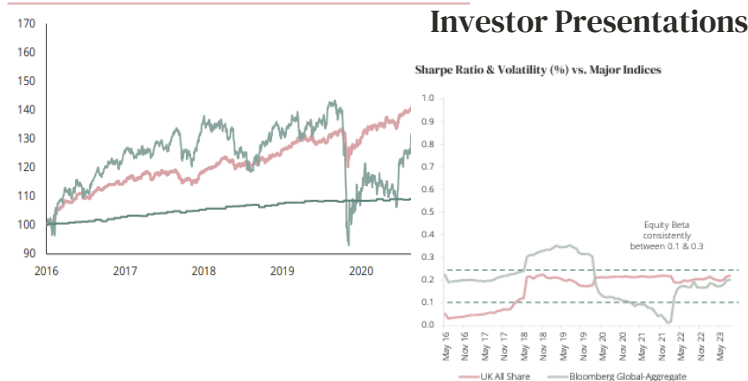
1. Trust the Process	Peter Spiller	10.00 am
2. TRIGger Warning	Chris Clothier	10.25 am
3. Wizard of Oz Economics	Alastair Laing	10.45 am
4. Coffee Break		11.05 am
5. Keynote Speech	Sir Ben Wallace KBE	11.30 am
6. Q&A		12.00 pm
7. Champagne and Canapés		12.30 pm

CG ASSET MANAGEMENT

There are lots of ways to stay in touch with us

Performance Factsheets

Performance Since Inception (total return)



Macro Snapshot

October 2024

cgam

Please find below a summary of our current views:

There are signs that the US economy is slowing sharply and the chances of a recession in the US over the next 12-18 months have increased significantly.

There are several indicators that are supportive of this view:

- **Savings rate** – the US savings rate is low, implying that lower-income consumers are struggling to meet.
- **Unsecured credit** – delinquencies are rising, credit card and auto delinquency are now at levels since 2011.
- **Labour market** – the labour market is slowing which inter alia has resulted in the Sahm R triggered. Hiring rates are at levels consistent with a recession.
- **Capex orders** – year-on-year capex orders are flat in nominal terms.
- **Dis-inversion** of the yield curve.

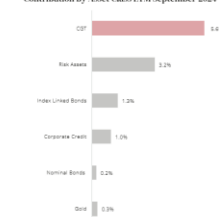
This last point is slightly counterintuitive, after all the conventional wisdom is that an inverted yield harbinger of recession. While true the picture is slightly more complex, an inverted yield curve is a bond market believes that a recession is likely in the short to medium term because it implies it rates will be lower after 2 years than for the next two years.

Quarterly Webinars

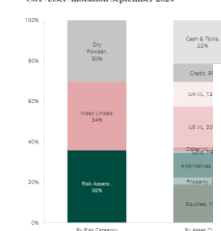
Positioning and Returns

The portfolio performed defensively through a volatile period

Contribution by Asset Class LTM September 2024



CGT Asset Allocation September 2024



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Quarterly Commentary

Manager Update

Asset Valuations and Investor Behavior Summary

Asset Class Valuations and Summary

	UK	US	Japan	Europe	CGView
Investment Trust Discounts	Attractive				While discounts remain attractive, alongside a variety of engagement opportunities and a backdrop of increasing corporate activity for both conventional and alternative assets.
Equity markets	Fair	Unattractive	Fair	Fair	CGV: UK (15), US (10), Japan (22), Europe (17). US equity markets looking vulnerable, continuing elevated valuations and negative momentum.
Short Government Bonds	Fair	Fair	Unattractive	Unattractive	UK 10s offer a risk-free 4.2% return and short 20s are attractive, specifically when hedged back to GBP.
Long Index Linked Bonds	Attractive	Attractive	Unattractive	Unattractive	Both the US and UK index-linked bonds have attractive participation at the heels of the curve.
Currency	Base Currency	Fair	Attractive	Unattractive	Both the US and UK index-linked bonds have attractive participation at the heels of the curve. Yen is still attractive but faces near-term headwinds from potential early weak growth and stronger competition from Europe and China.
Credit	Unattractive	Unattractive			Although credit spreads have widened, they remain historically narrow against a weakening macroeconomic backdrop, particularly in the US. Investor sentiment has been reinvigorated in the US with valuations close to recent highs. This is despite the backdrop of rising uncertainty and a concerning economic outlook. Good investor engagement and corporate returns in Japan have proved counterbalancing.
Investor Behaviour	Fair	Unattractive	Attractive	Fair	

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You can find out more at:
www.capitalgearingtrust.com
www.cgasset.com

Or contact us directly at **IR@cgasset.com**



Trust the Process

December 2025

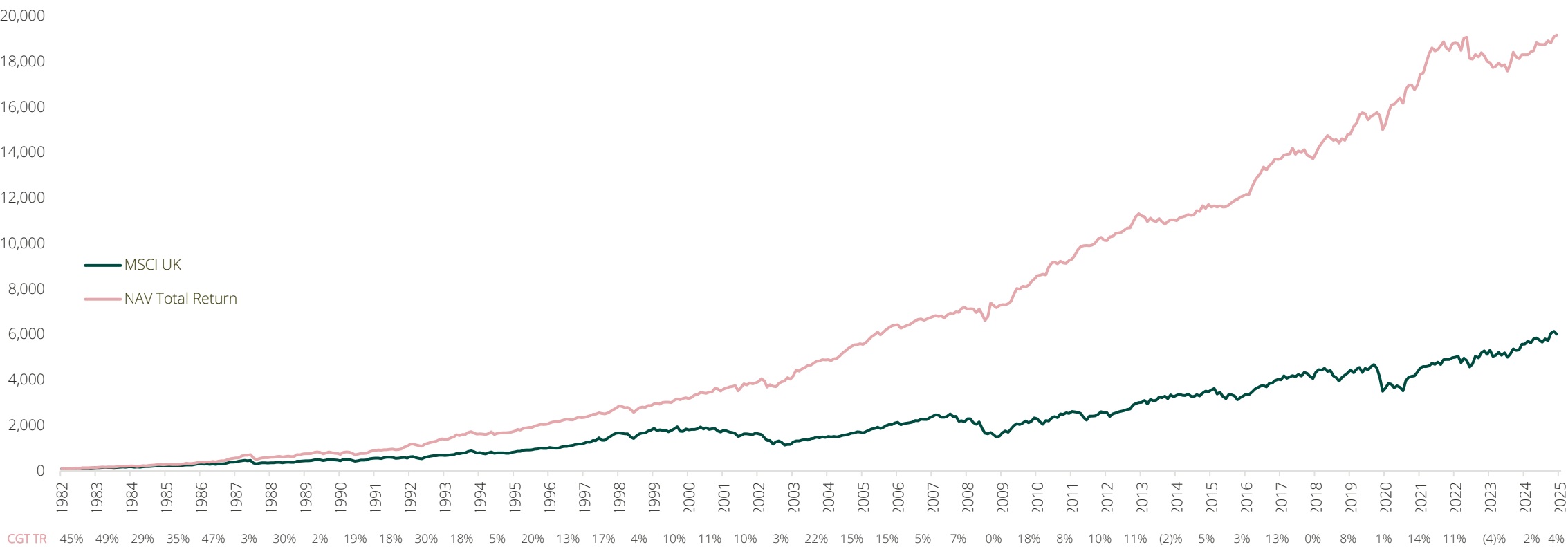
CGAM Investor Day



TRUST THE PROCESS

Since 1982 the CGT share price total return has been >289x¹

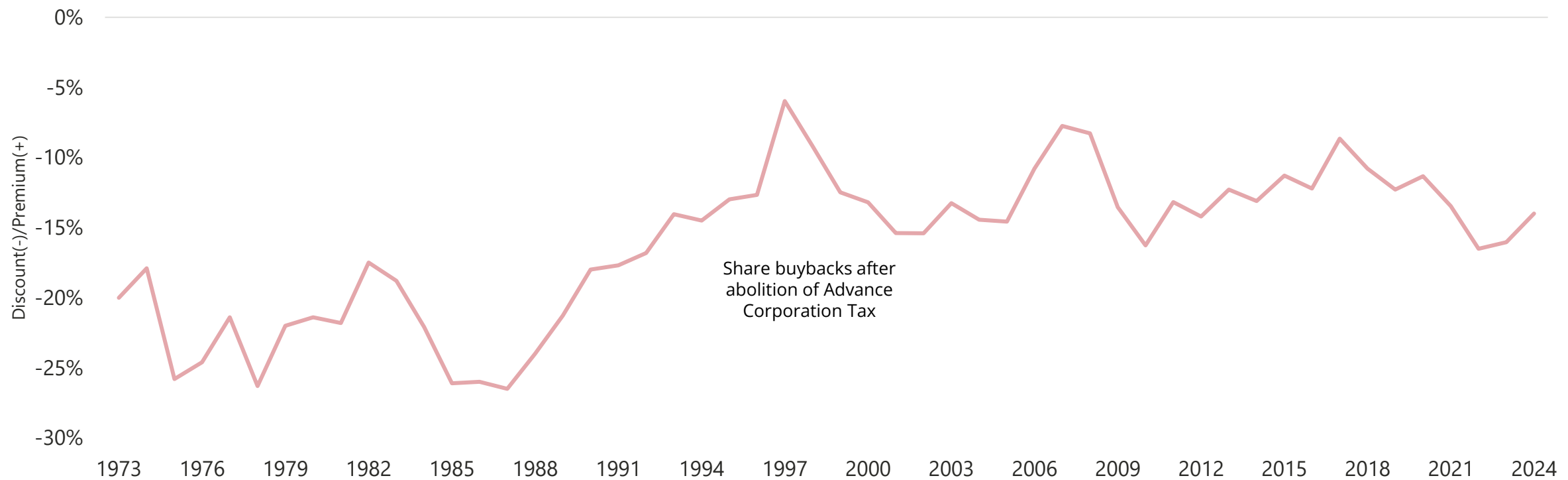
Total Return History (Rebased) Mar 1982 to Mar 2025



TRUST THE PROCESS

Share buybacks have played a key role in discount control and capital allocation

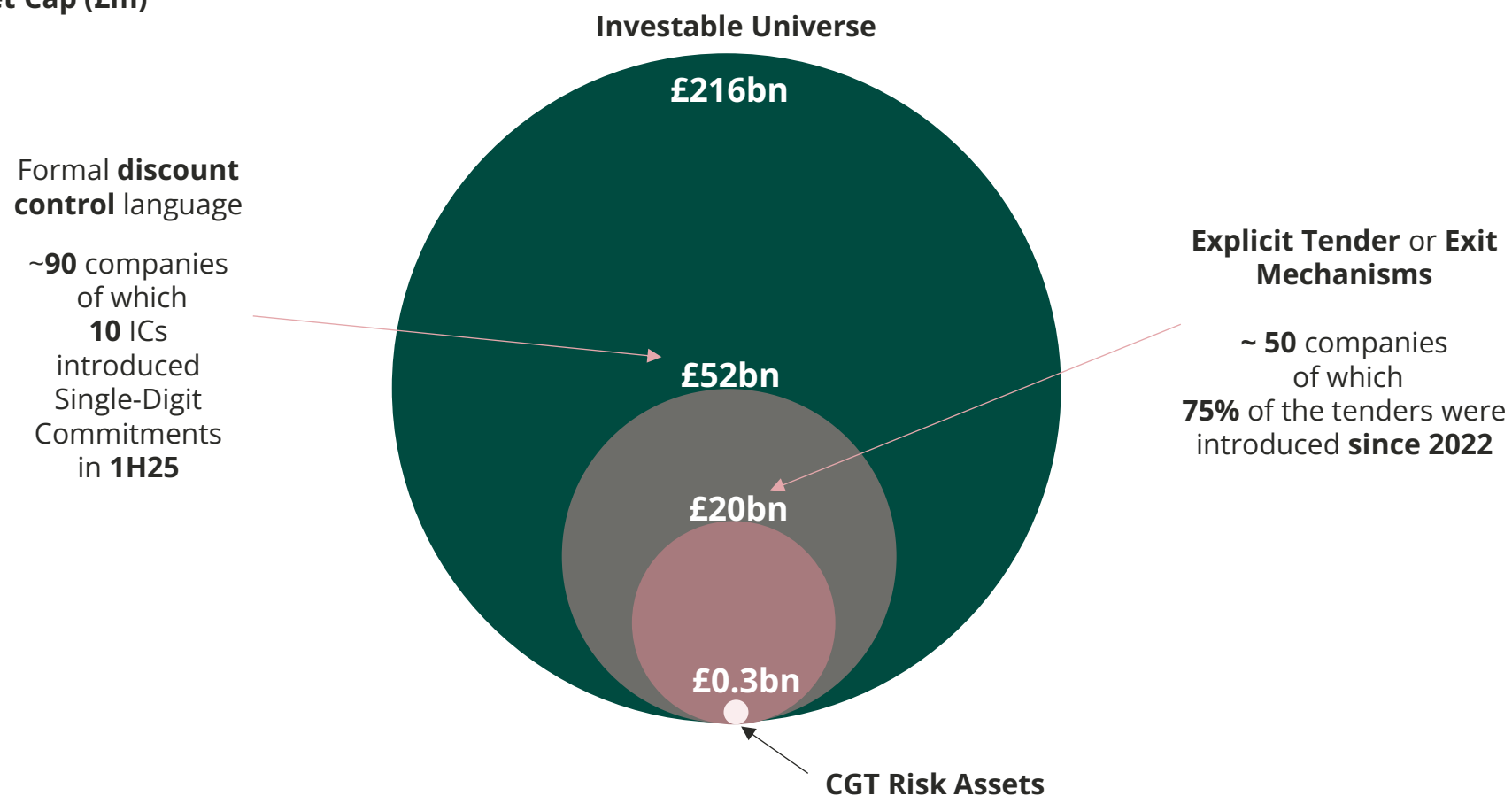
Investment Trust Sector Average Discount 1973-2024



TRUST THE PROCESS

Our opportunity set is growing

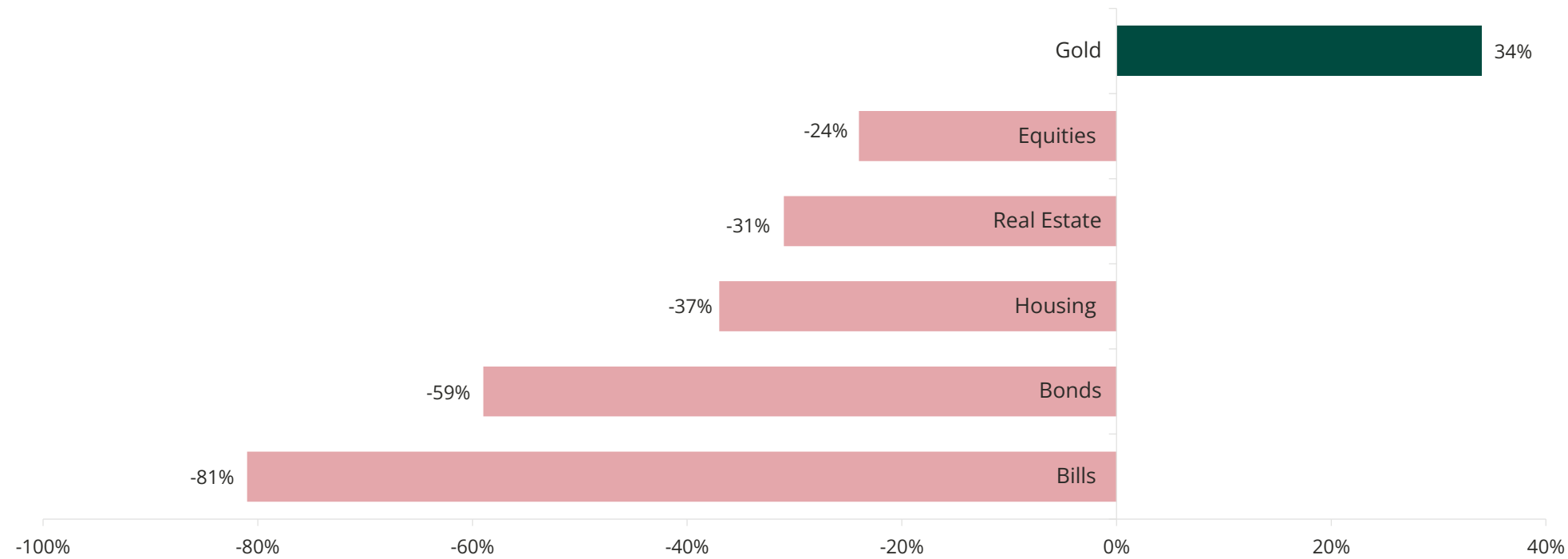
Investment Company Market Cap (£m)



TRUST THE PROCESS

Very few asset classes have consistently performed well during rising inflation

Real returns vs. inflation 1900-2024¹



TRUST THE PROCESS

Winchester House has been refurbished twice since I began in the city



TRUST THE PROCESS

Is property a real asset?

UK RPI Index and Land Securities Share Price (base=100)



Source: Bloomberg L.P

“A restructuring of the investment trust sector offers good opportunity as discounts will further reduce”.

“A rigorous process reduces apparent returns from the property sector. We currently find only a few opportunities”.

Trust The Process: A Summary



TRIGger Warning

December 2025

CGAM Investor Day



TRIGGER WARNING

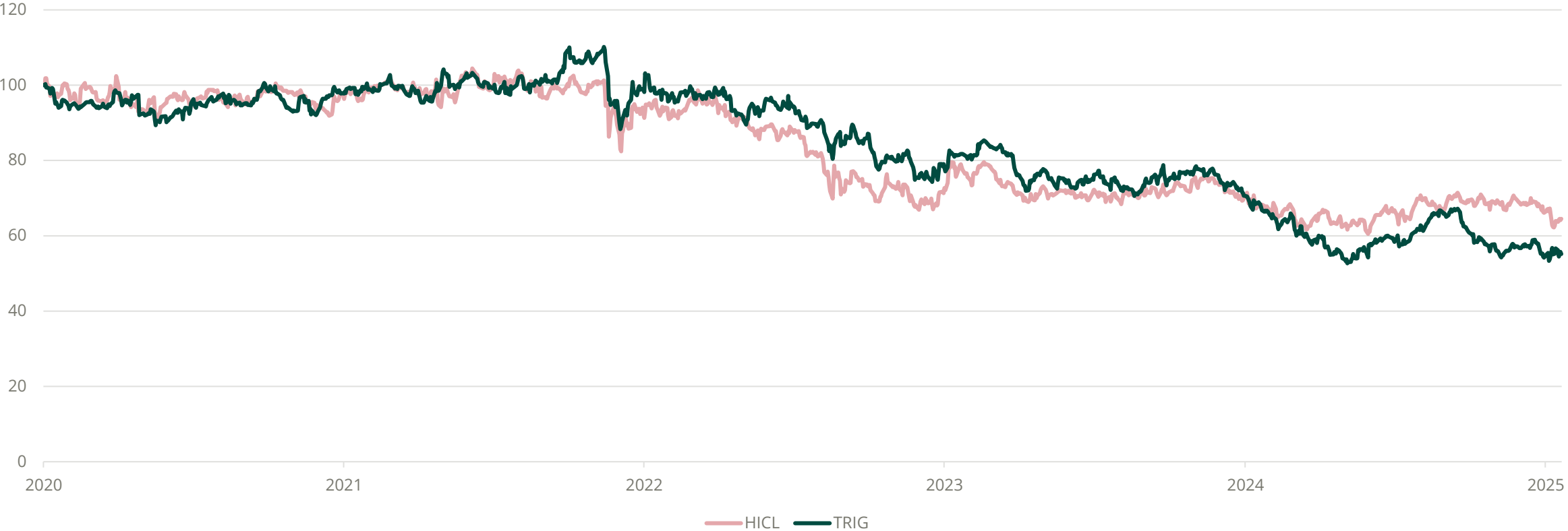
Errmm, what exactly do these funny collections of letters actually do?



TRIGGER WARNING

Some context... it has been a tough few years for infrastructure

HICL & TRIG Share Price (5 year, rebased to 100)



TRIGGER WARNING

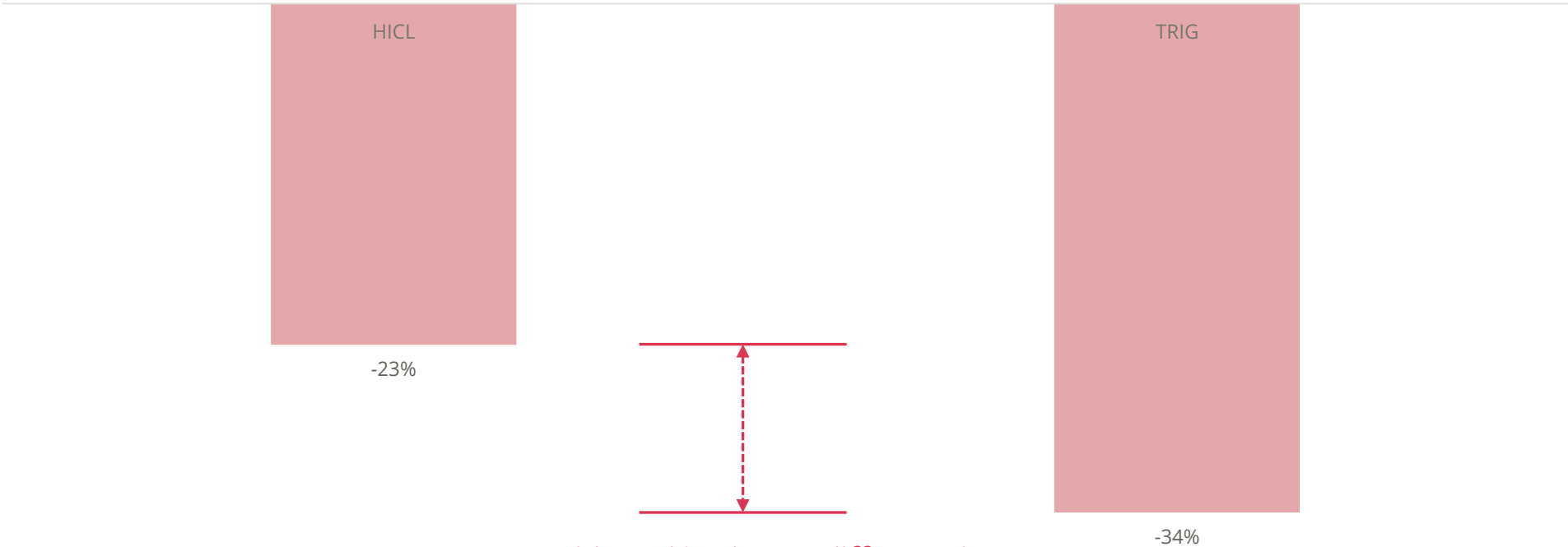
Why were we against the deal? Well, it was the wrong assets, at the wrong time and the wrong price. (Other than that it's fine!)

- **HICL was over-paying for TRIG's assets**
- **TRIG shareholders were being cashed out at a 10% discount to NAV**
- **HICL shareholders got no cash out**
- **The voting thresholds were 75% for TRIG shareholders but only 50% for HICL shareholders, despite this being as fundamental for each company**
- **The deal favoured the manager, InfraRed, in multiple ways:**
 - **Avoided a TRIG continuation vote**
 - **Created a poison pill with respect to bids for the combined entity**
 - **Created a poison pill with respect to tendering the management contract**

TRIGGER WARNING

The deal was struck on an NAV for NAV basis which was entirely inappropriate

HICL & TRIG – Discounts to NAV prior to announcement (%)



As evidenced by the 11% difference in pre-announcement market price

TRIGGER WARNING

Why were we against the deal? Well, it was the wrong assets, at the wrong time and the wrong price. (Other than that it's fine!)

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**What is striking is that the proposed merger
fails to meet the board's stated objectives**

Board Claim #1: Increased scale will attract new buyers

Board Claim #2:

The transaction will enable reorientation of the portfolio

Board Claim #3:

The transaction will result in a higher dividend

TRIGGER WARNING

So what did we actually do?

- 1. Published a letter quickly*



Mike Bane
HICL Infrastructure Plc
One Bartholomew Close
London
EC1A 7BL

17 November 2025

Proposed merger with The Renewables Infrastructure Group

Dear Mike

As at 14 November 2025 funds advised by CG Asset Management held 18.5 m shares in HICL Infrastructure Plc (HICL).

We are appalled by the announcement of the proposed merger of HICL with The Renewables Infrastructure Group Limited (TRIG). The market reaction is telling, as we write this the share price of HICL is down more than 8% and the market cap has fallen by more than £190 m. The increase in TRIG's share price is less than half the fall of HICL's. The market's assessment, in line with our own, makes two points very clear:

1. this is an exceptionally poor transaction for HICL, and
2. in aggregate this proposal is value destructive.

We can see no strategic rationale for the transaction. TRIG's portfolio and HICL's portfolio are invested in entirely different asset classes and their combination will not result in material cost savings. If investors wish to have exposure to both these asset classes they can easily do so by buying shares in both TRIG and HICL. However, many investors, like us, have made an explicit decision not to be invested in TRIG and have no desire to be forced to do so by the board of HICL.

TRIGGER WARNING

So what did we actually do?

- 1. Published a letter quickly*
- 2. Carried out extensive shareholder consultation*

TRIGGER WARNING

We have built a coalition of the un-willing

almitas capital

cgam

EQ investors

M&G
Investments

ACHILLES
— INVESTMENT COMPANY —

CityAsset
MANAGEMENT PLC

GT
WEALTH
MANAGEMENT

TrinityBridge



CREDO

HAWKSMOOR
INVESTMENT MANAGEMENT

w1M

TRIGGER WARNING

So what did we actually do?

1. *Published a letter quickly*
2. *Carried out extensive shareholder consultation*
3. *Engaged with the press*

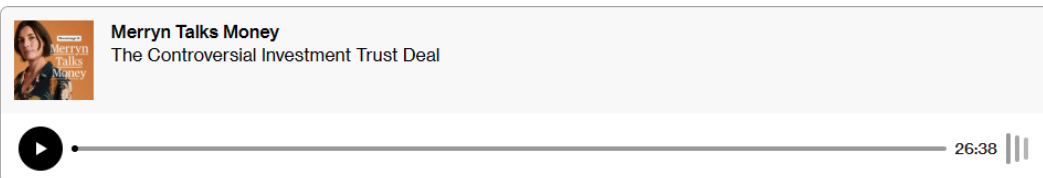
TRIGGER WARNING

Engaging with the press

Infrastructure giants to merge in 'lopsided' £5.3bn deal

Planned HICL and TRIG tie-up lambasted as an 'exceptionally poor transaction' by CG Asset Management, which controls £20 million of HICL stock

Merryn Talks Money: The Controversial Investment Trust Deal



In this week's Merryn Talks Money market wrap, Merryn Somerset Webb and John Stepek sit down with Chris Clothier, Co-CIO of CGAM to discuss the proposed merger of two of the largest infrastructure investment trusts on the London market, HICL Infrastructure Company and The Renewables Infrastructure Group (TRIG). Fund managers at CGAM are "appalled" by the proposal. Clothier sits down with our usual hosts to explain why and what investors can do about it. The trio also talk about the upcoming budget and the collapse in central London house prices.

MERGERS & ACQUISITIONS | 25 NOV, 2025

11

CGAM leads shareholder revolt against HICL merger

More than 10 HICL shareholders have united against its £5.3bn merger with TRIG, but the outcome still depends upon a few large owners.


TRIGGER WARNING

So what did we actually do?

1. *Published a letter quickly*
2. *Carried out extensive shareholder consultation*
3. *Engaged with the press*
4. *Made use of social media*

TRIGGER WARNING


Making use of social media




Chris Clothier • You
Co-CIO at CG Asset Management
3d •

At the risk of sounding like a stuck record, some further information on the proposed merger between **HICL Infrastructure PLC** and **The** ...more

Group letter to HICL Board 241125 • 2 pages




52 • 4 comments • 1 repost



Chris Clothier • You
Co-CIO at CG Asset Management
1w •

Since its announcement on Monday I have been speaking non-stop to institutional and retail investors about the proposed merger between **HICL Infrastructure PLC** and **The Renewables Infrastructure Group Limited (TRIG)**.

Every single non-conflicted shareholder that I have spoken to (that is to say, a shareholder of HICL but NOT of TRIG) absolutely hates the transaction. I am yet to speak to a single person that likes it. ...more



Investment trust merger...
thetimes.com

58 • 10 comments • 1 repost

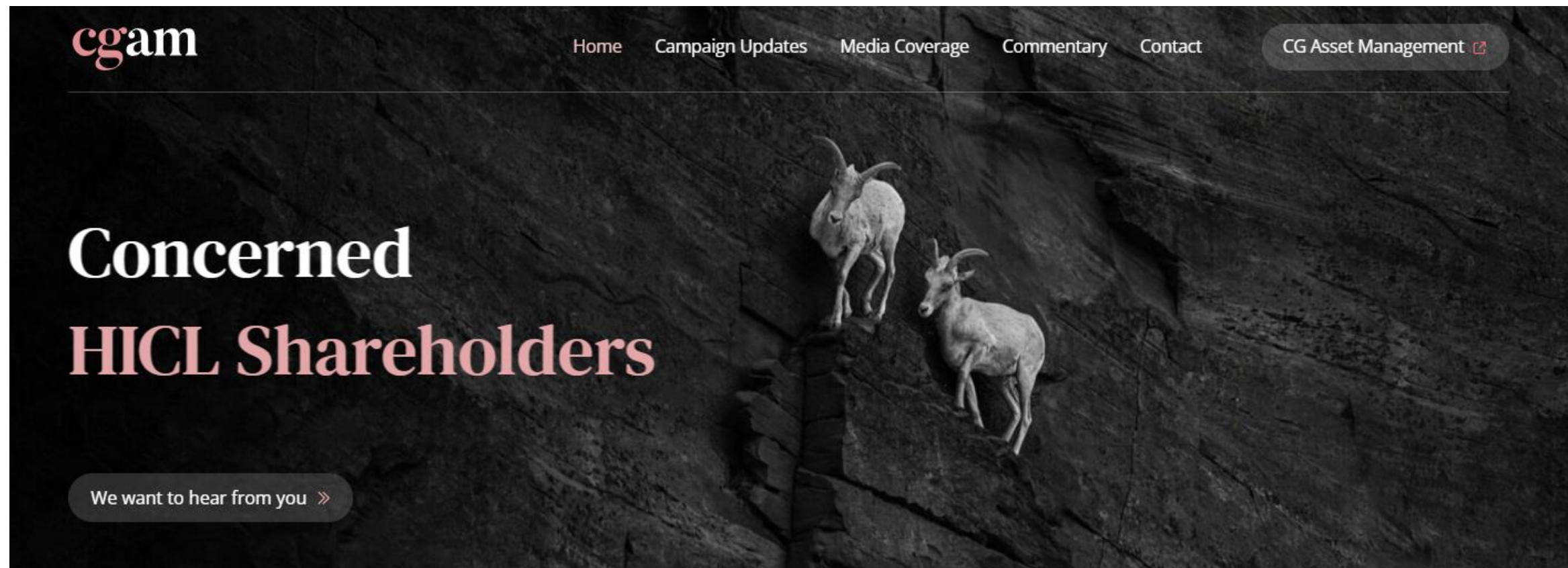
TRIGGER WARNING

So what did we actually do?

1. *Published a letter quickly*
2. *Carried out extensive shareholder consultation*
3. *Engaged with the press*
4. *Made use of social media*
5. *Launched a website*

TRIGGER WARNING

Launched a website: concernedhiclshareholders.co.uk



TRIGGER WARNING

So what did we actually do?

1. *Published a letter quickly*
2. *Carried out extensive shareholder consultation*
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6. *Published a letter jointly with other investors*

TRIGGER WARNING

So what did we actually do?

1. *Published a letter quickly*
2. *Carried out extensive shareholder consultation*
3. *Engaged with the press*
4. *Made use of social media*
5. *Launched a website*
6. *Published a letter jointly with other investors*
7. *Sent a letter to the board on behalf of around 100 investors*

Where are we now? Where next?



Wizard of Oz economics

December 2025

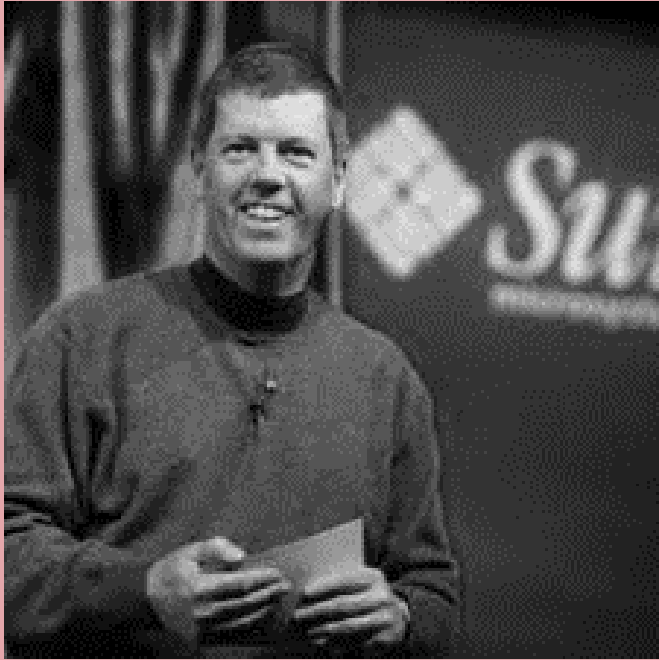
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WIZARD OF OZ ECONOMICS

The dot com bubble was a coming-of-age event for me





**“At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. Do you realize how ridiculous those basic assumptions are?
What were you thinking?”**

SCOTT MCNEALY

SUN MICROSYSTEMS 2002

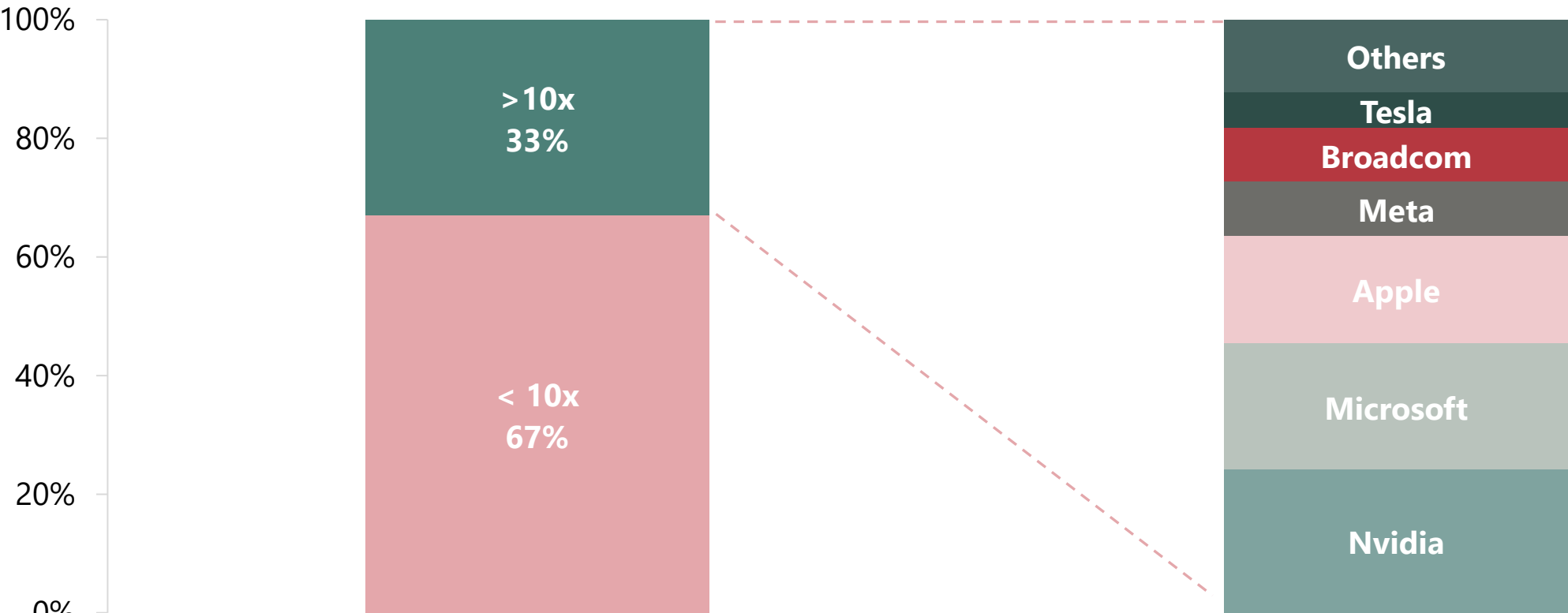
WIZARD OF OZ ECONOMICS

What portion of the S&P 500 trades above 10x revenues?



WIZARD OF OZ ECONOMICS

The > 10x revenue stocks are the royalty of the AI infrastructure buildout



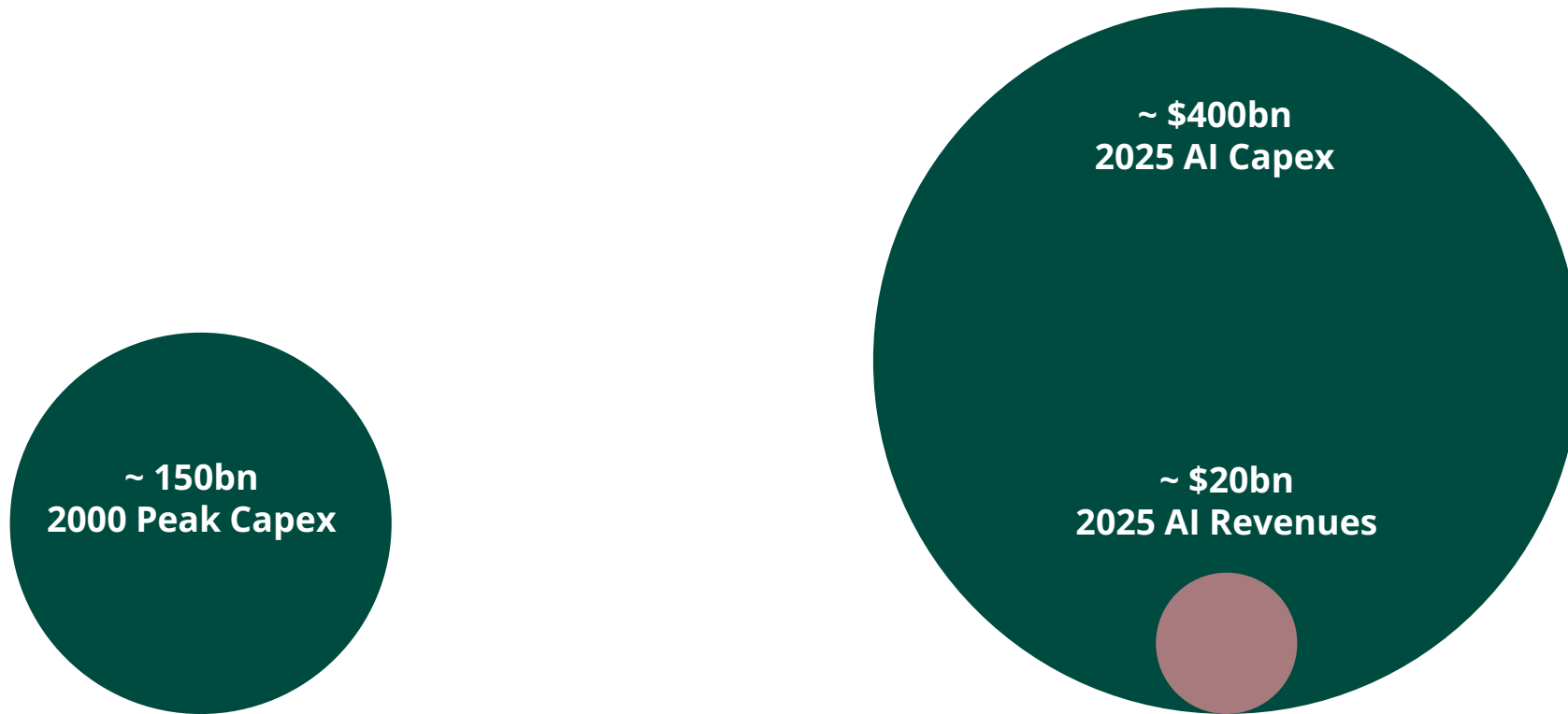
WIZARD OF OZ ECONOMICS

AI has been the death knell of the capex light model



WIZARD OF OZ ECONOMICS

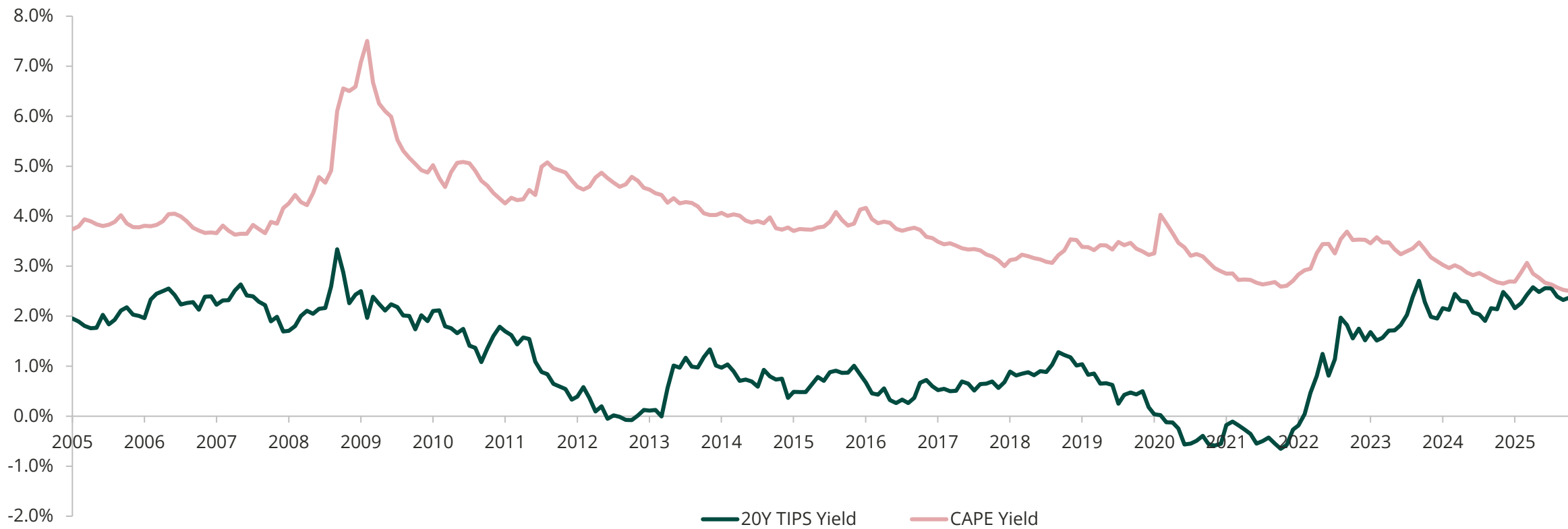
Current AI capex is many multiples of dot com capex



WIZARD OF OZ ECONOMICS

The equity risk premium or equity risk discount?

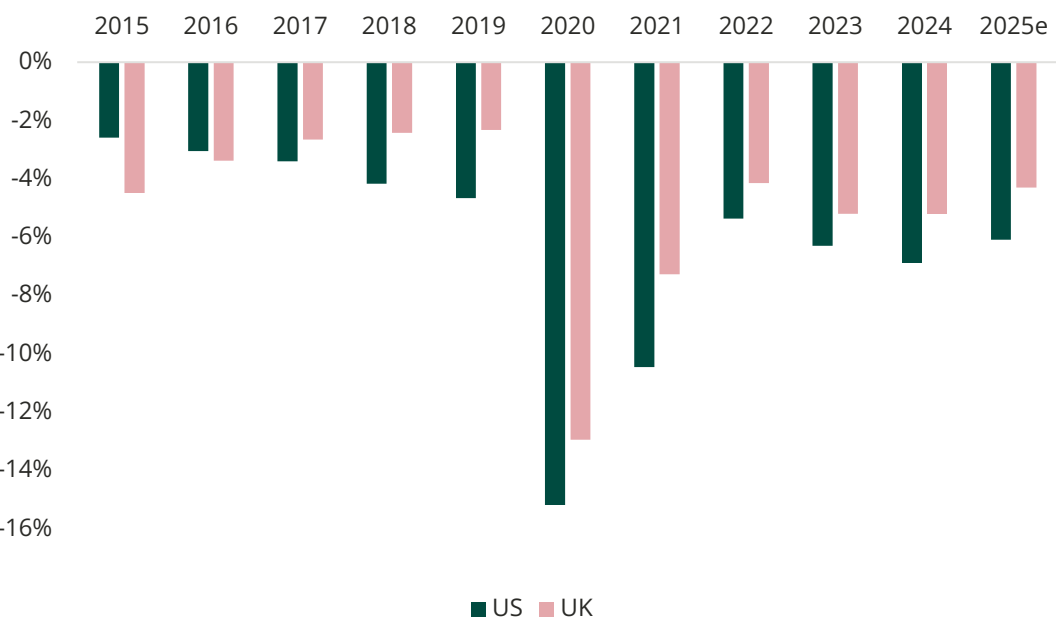
CAPE YIELD vs 20 Year TIPS



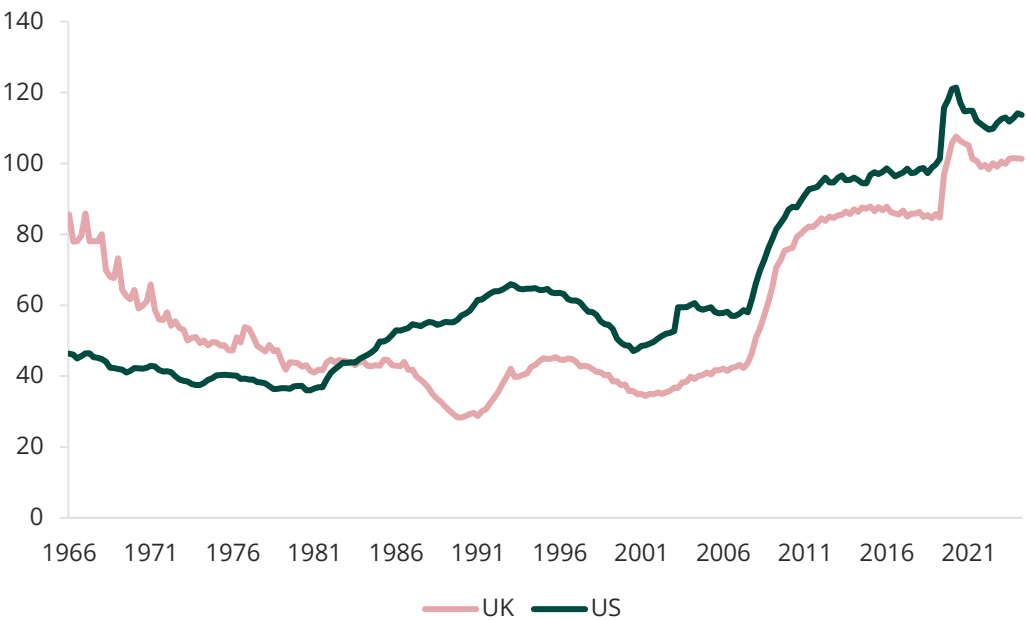
WIZARD OF OZ ECONOMICS

Run up of government debt is the second key leg of US growth

US & UK Fiscal Balances 2015-2025e (% GDP)



UK & US Government Debt to GDP (%)



WIZARD OF OZ ECONOMICS

Fine, but what is the catalyst?

Politics



Geopolitics



Slowing Economy



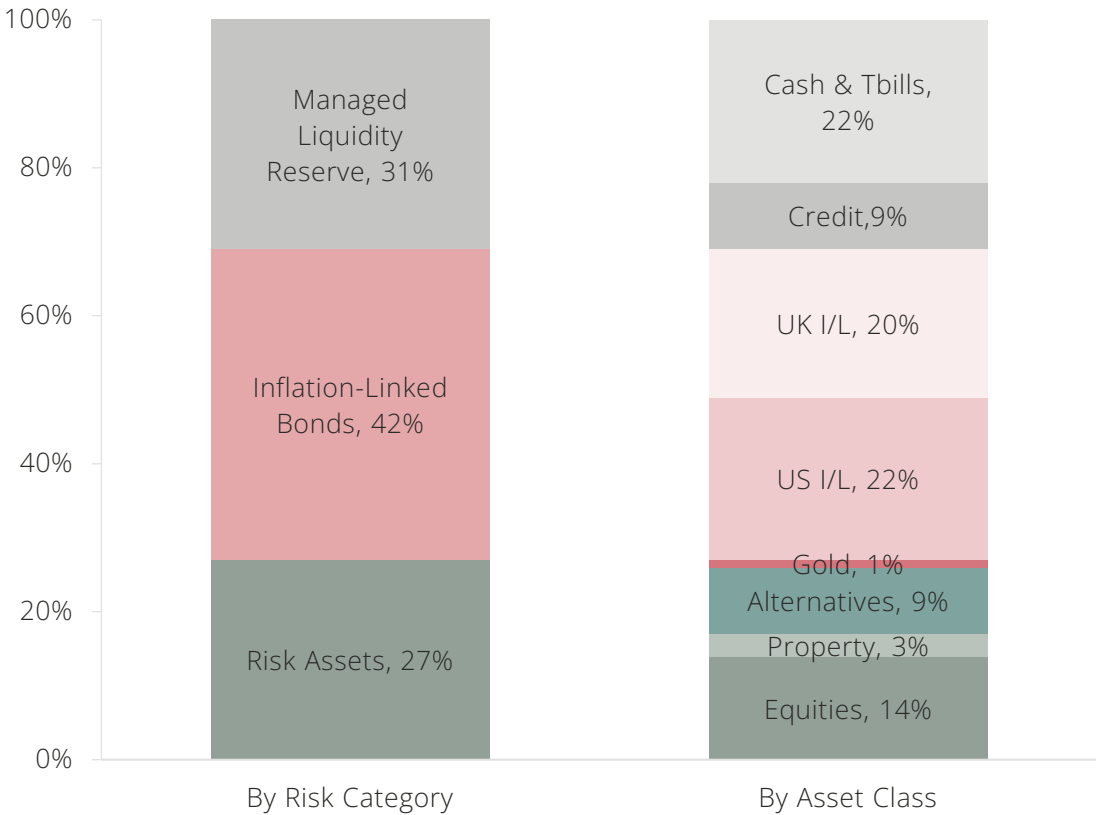
Bond Market Weakness



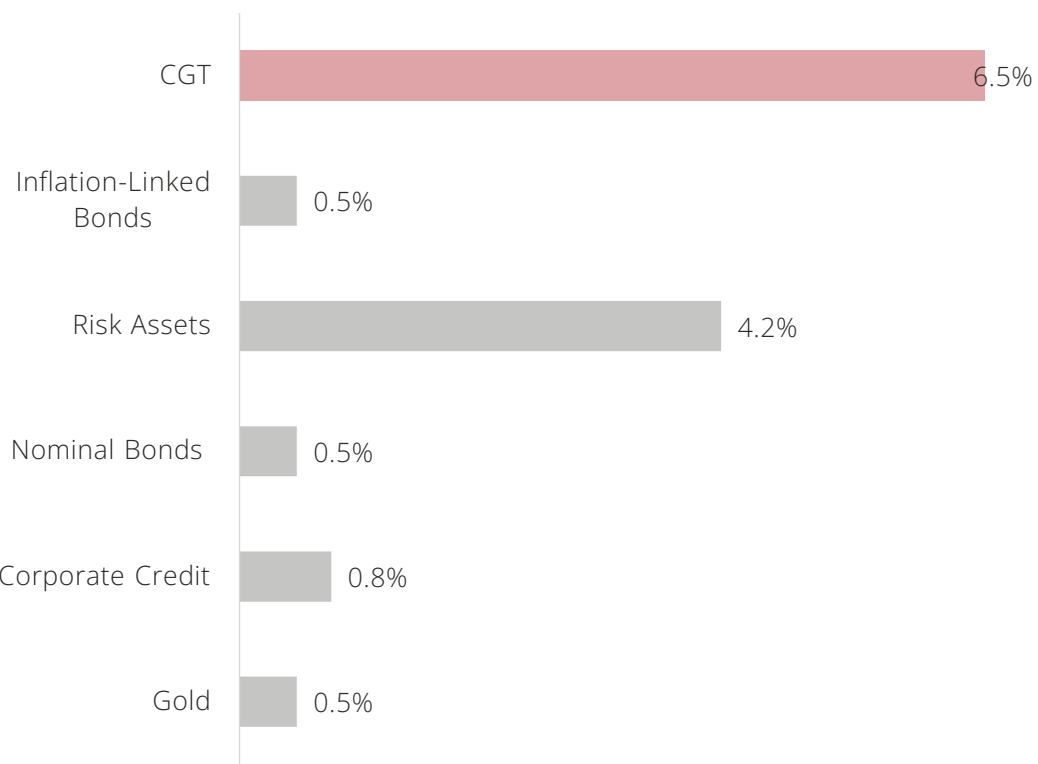
WIZARD OF OZ ECONOMICS

Sometimes it pays to leave the dancefloor before the music stops

Capital Gearing Trust Asset Allocation October 2025



Contribution by Asset Class LTM October 2025



cgam

Making Sense of an Uncertain World

Sir Ben Wallace KBE

