

# CG Asset Management

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*Q4 2025 Webinar*

Jan 2026

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## 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>	£813m	Listed	0.41% <sup>3</sup>	0.58%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£608m	Daily	0.35%	0.47%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£207m	Daily	0.75%	0.87%
Real Return  Long only investments in inflation-linked bonds	CG Real Return Fund (GBP Hedged available)	IE0034304117	2004	£200m	Daily	0.30% / 0.20% <sup>4</sup>	0.41%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£397m	Daily	0.25% / 0.15% <sup>5</sup>	0.37%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£24m	Daily	0.15%	0.29%

<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 31<sup>st</sup> December 2025

# *Positioning and Returns*

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*Q4 & Annual Review 2025*

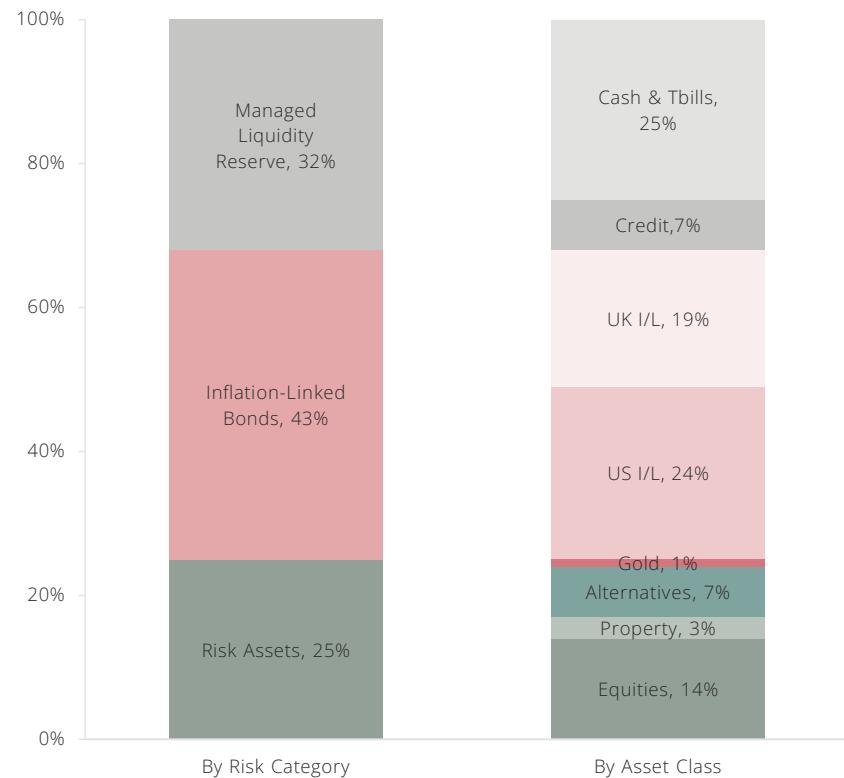
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## Positioning and Returns

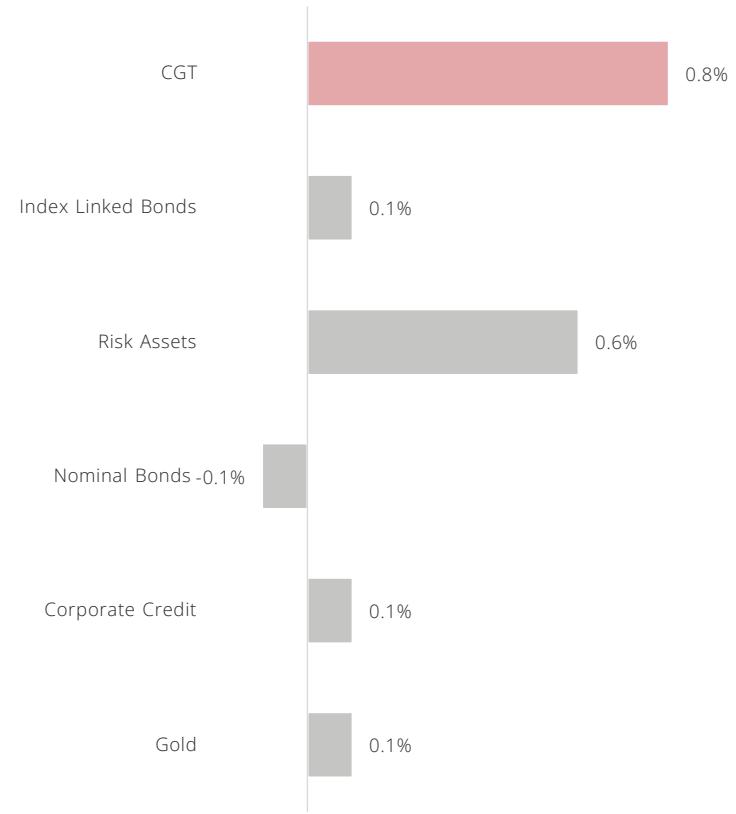
# As equity markets surged, we continued to trim risk in Q4

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CGT Asset Allocation December 2025



Contribution by Asset Class Q425



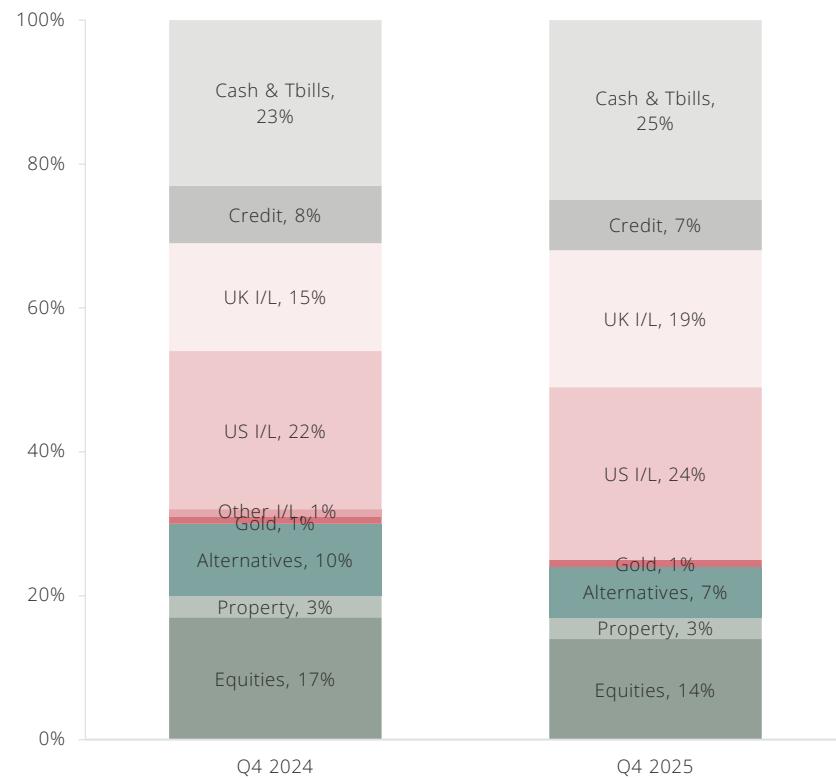
NAV performance net of fees

Source: CGAM, Bloomberg Finance L.P., Northern Trust

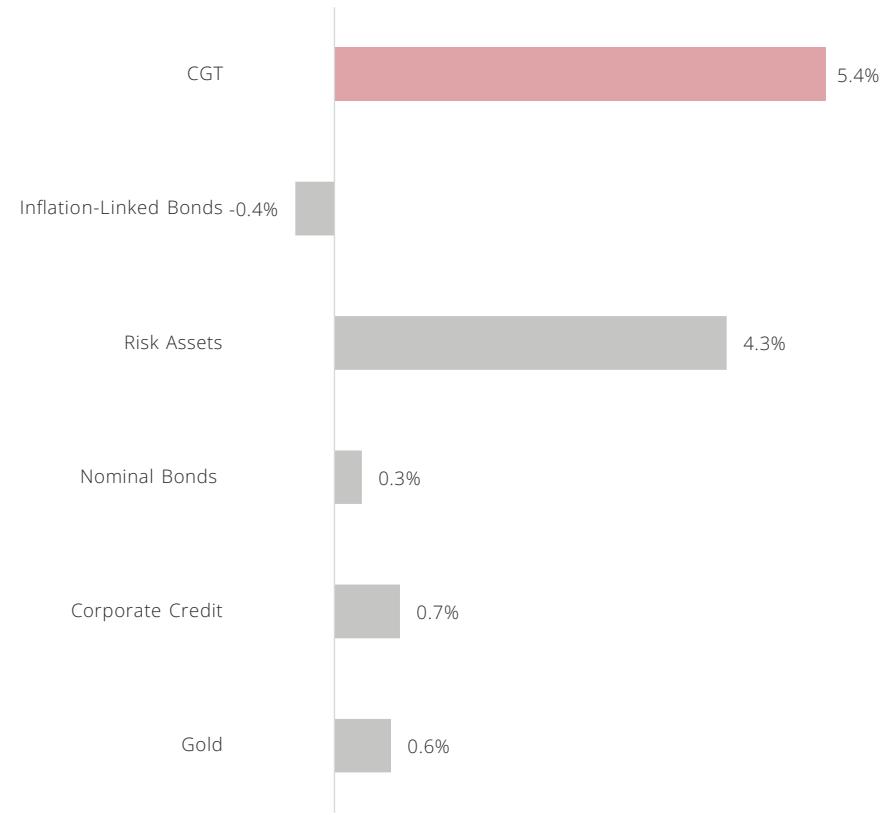
## Positioning and Returns

Over the year, our main changes to asset allocation were reducing risk assets, increasing allocation to index-linked gilts and reducing duration risk

Changes to CGT's Asset Allocation during 2025



Contribution by Asset Class LTM December 2025



NAV performance net of fees

Source: CGAM, Bloomberg Finance L.P., Northern Trust

## Positioning and Returns

**Our risk assets performed well and were particularly resilient during the Q2 market sell-off**

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**CGT Risk Assets Returns Performance to December 2025<sup>1</sup>**



**CGT Bonds Only Returns Performance to December 2025<sup>1</sup>**

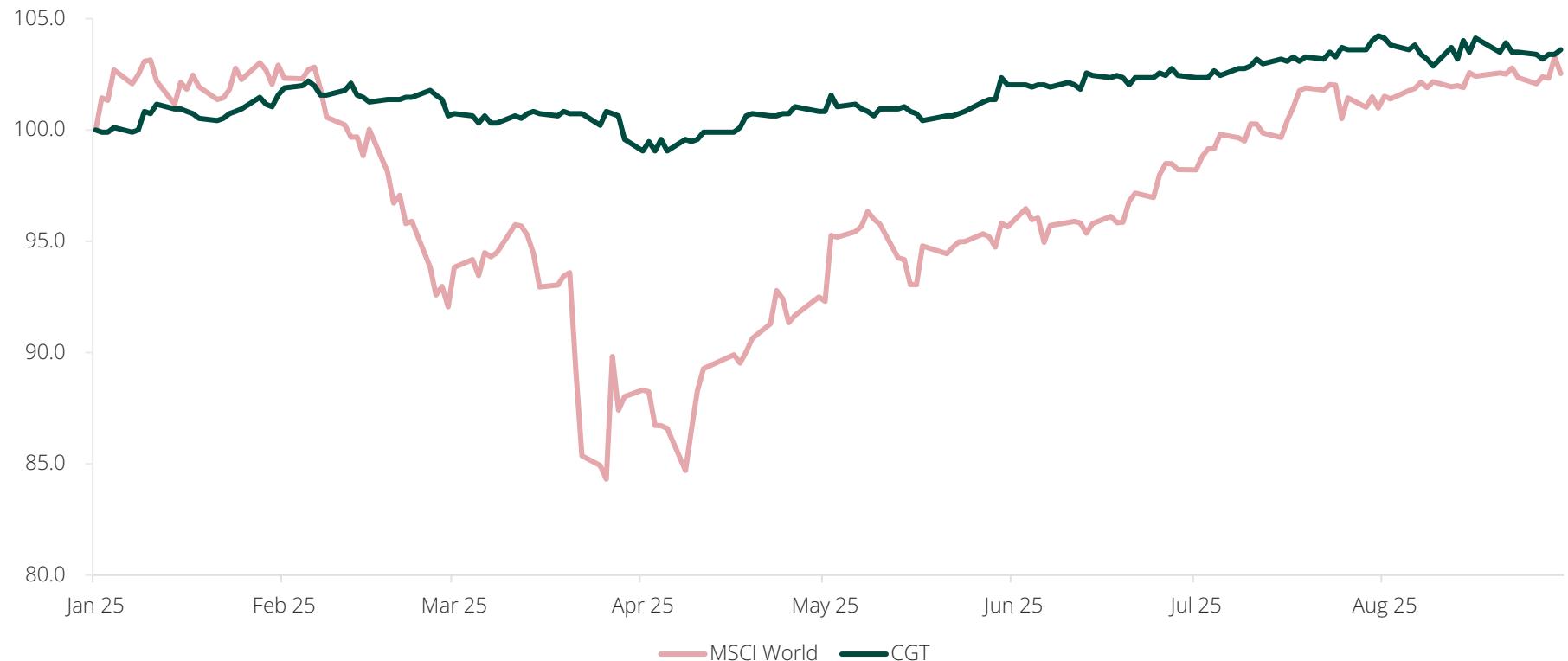


<sup>1</sup> Risk Assets include equities, property, alternatives and gold. Bonds include credit and sovereign bonds (excluding T-Bills and cash), start period reflects the longest period available for CGT under Bloomberg AIM  
Source: Bloomberg Finance L.P., Northern Trust

## Liberation Day provided a sharp, if short lived, stress test

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CGT vs. MSCI World (GBP total return, 31/12/24 = 100)



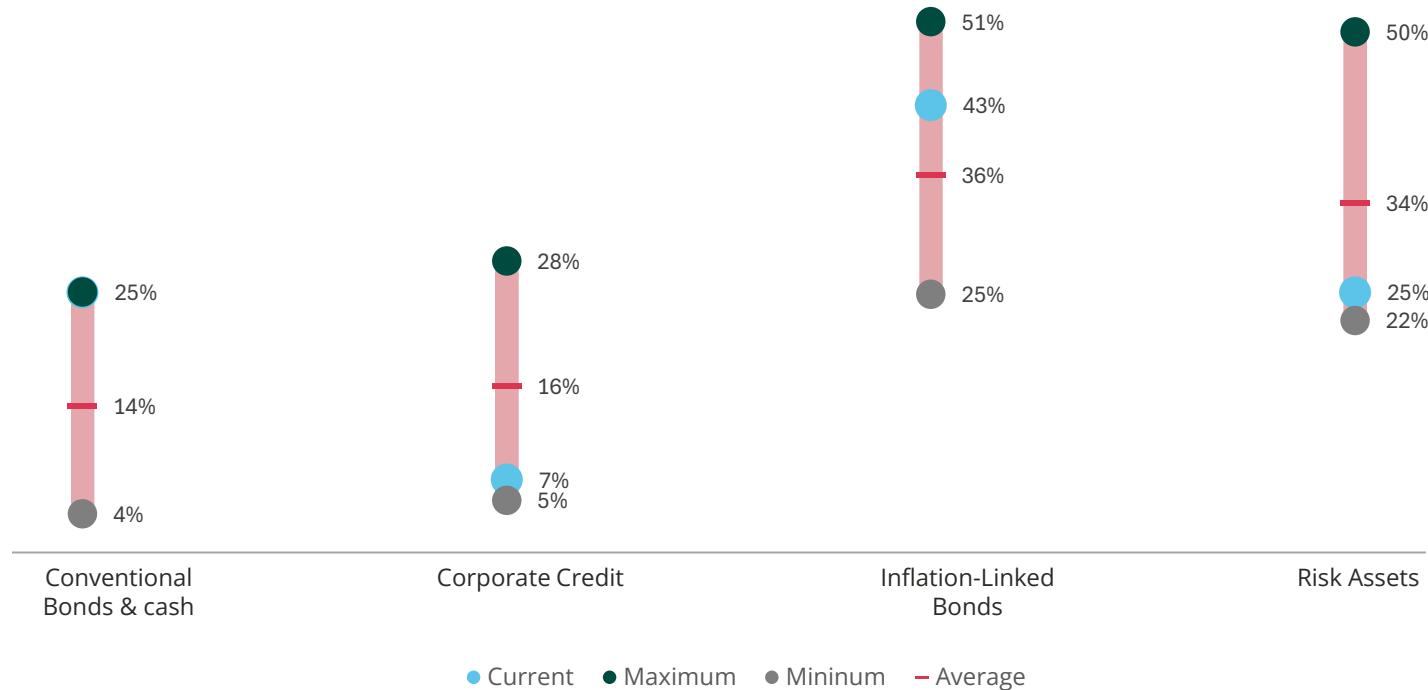
Sources: Bloomberg Finance L.P., Northern Trust

## Positioning and Returns

Positioning is defensive relative to history, owing to concerns around the outlook for government debt and stretched equity valuations

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### CGT Asset Allocation: 2011-2025



Source: CGAM, Bloomberg Finance L.P., Northern Trust, Enfusion

## **2025 was the year *that***

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### **In geopolitics...**

- 1.** US Tariffs
- 2.** Iran-Israel War
- 3.** Ukraine War rumbles on
- 4.** Re-emergence of *realpolitik*

### **In economics...**

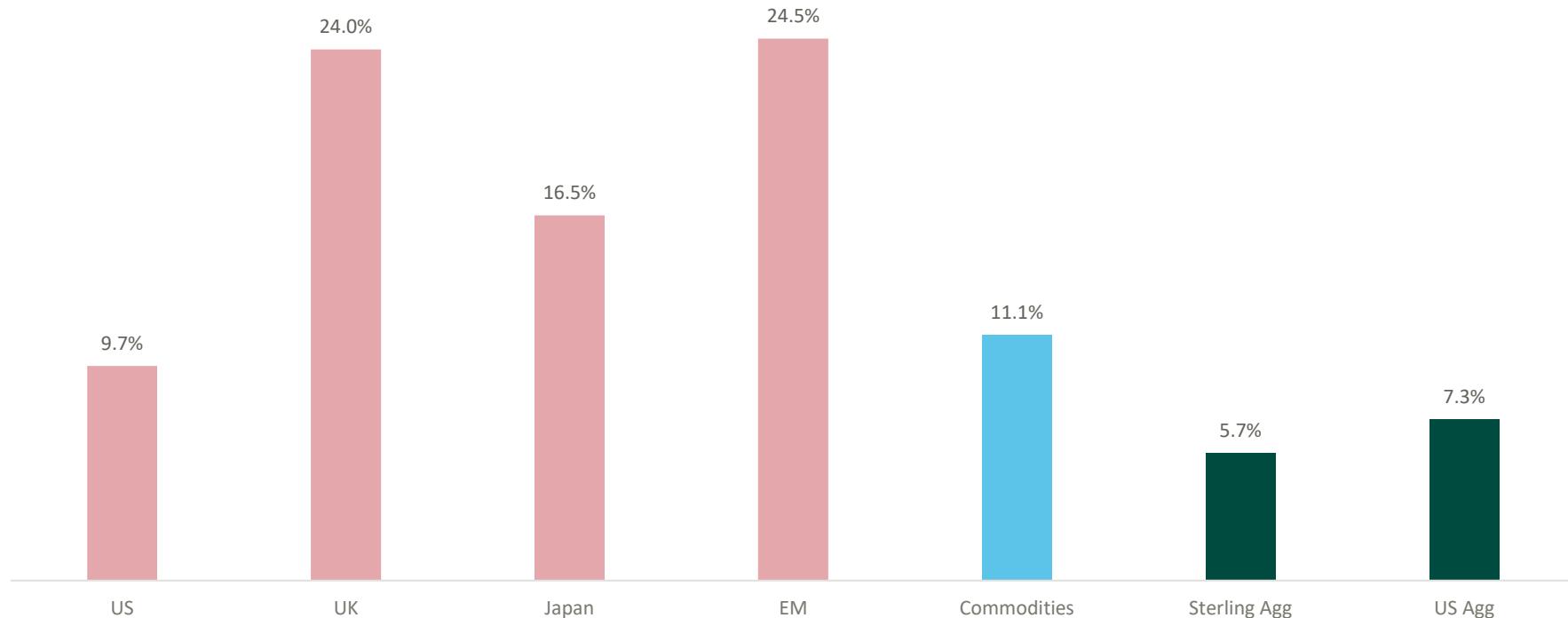
- 1.** Deep-Seek AI Breakthrough
- 2.** China continues to confound
- 3.** Longest government shutdown in US history
- 4.** Deficits, deficits as far as the eye can see

## Positioning and Returns

Against that backdrop, pretty much everything went up!

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### Total Return 2025 – Selected Asset Classes (GBP)<sup>1)</sup>



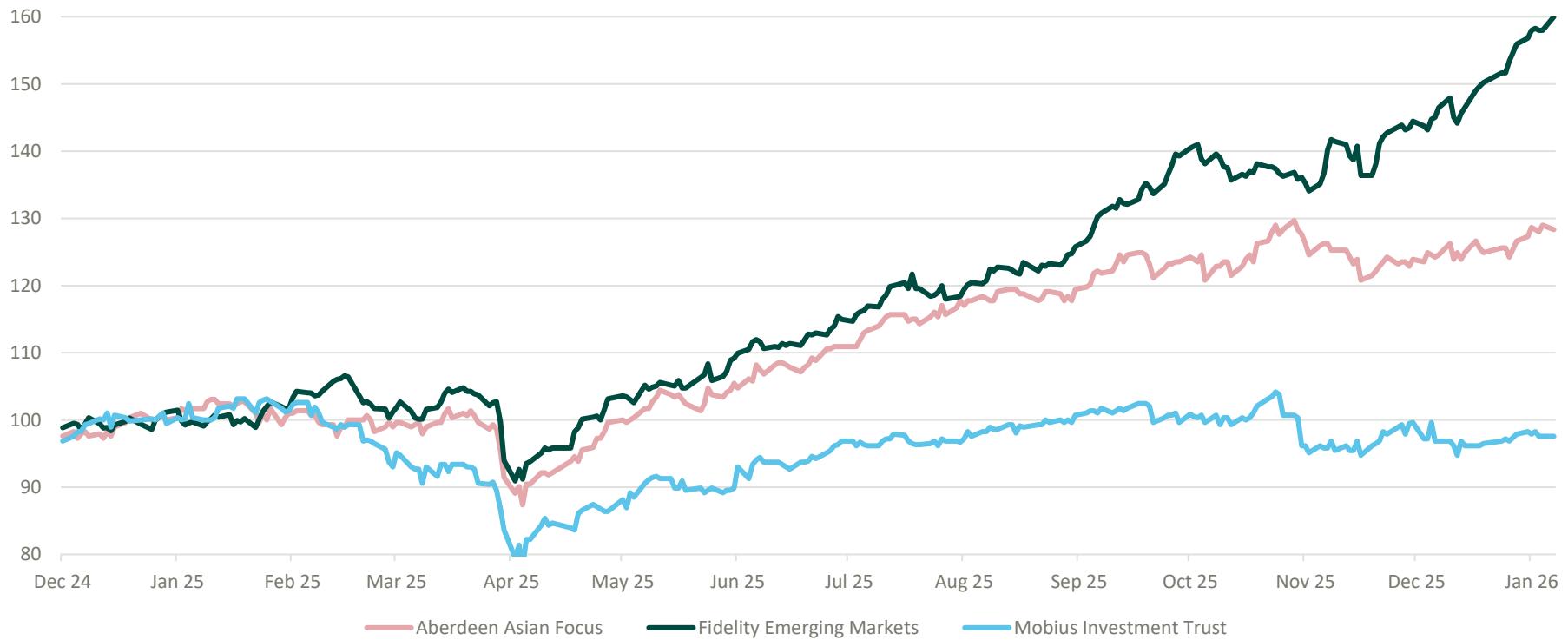
<sup>1)</sup> Except US Agg which is in dollars

## Positioning and Returns

Our major EM holdings performed well and illustrate why we favour a spread of positions

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Share Price Returns for our larger EM Holdings (rebased to 100 31 March 2025)



Source: Bloomberg Finance L.P.

## Positioning and Returns

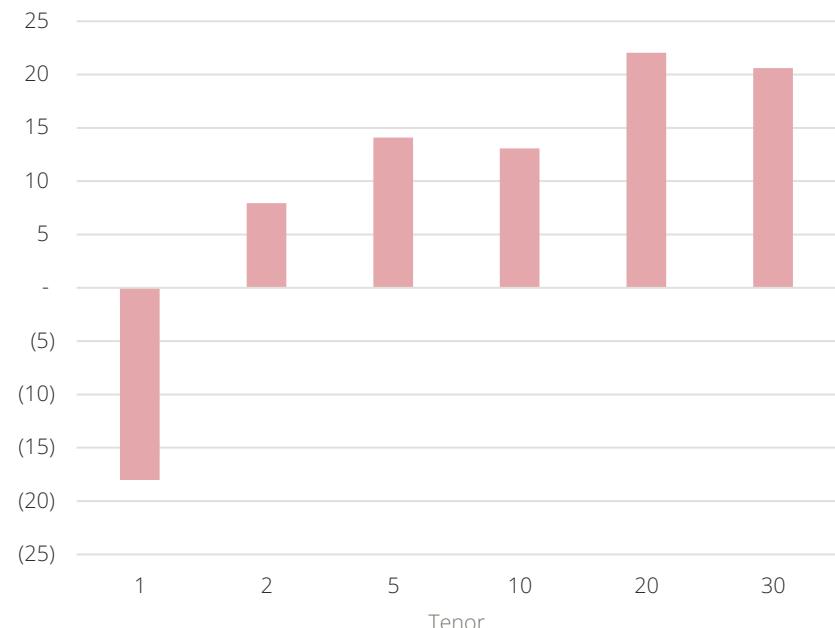
As our concerns over fiscal sustainability rose, we reduced duration to our US TIPS holdings, so far this move has proved correct

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CG TIPS Duration vs. Index (Years)



Change in TIPS yields since end-Nov 2025 (bps)



Source: Bloomberg

## Positioning & Returns

# We continue to find niche, profitable opportunities in investment trusts

DNA3 Share price (inc. dividends)



Source: Bloomberg, Northern Trust, CGAM Calculations

# *Outlook*

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2026

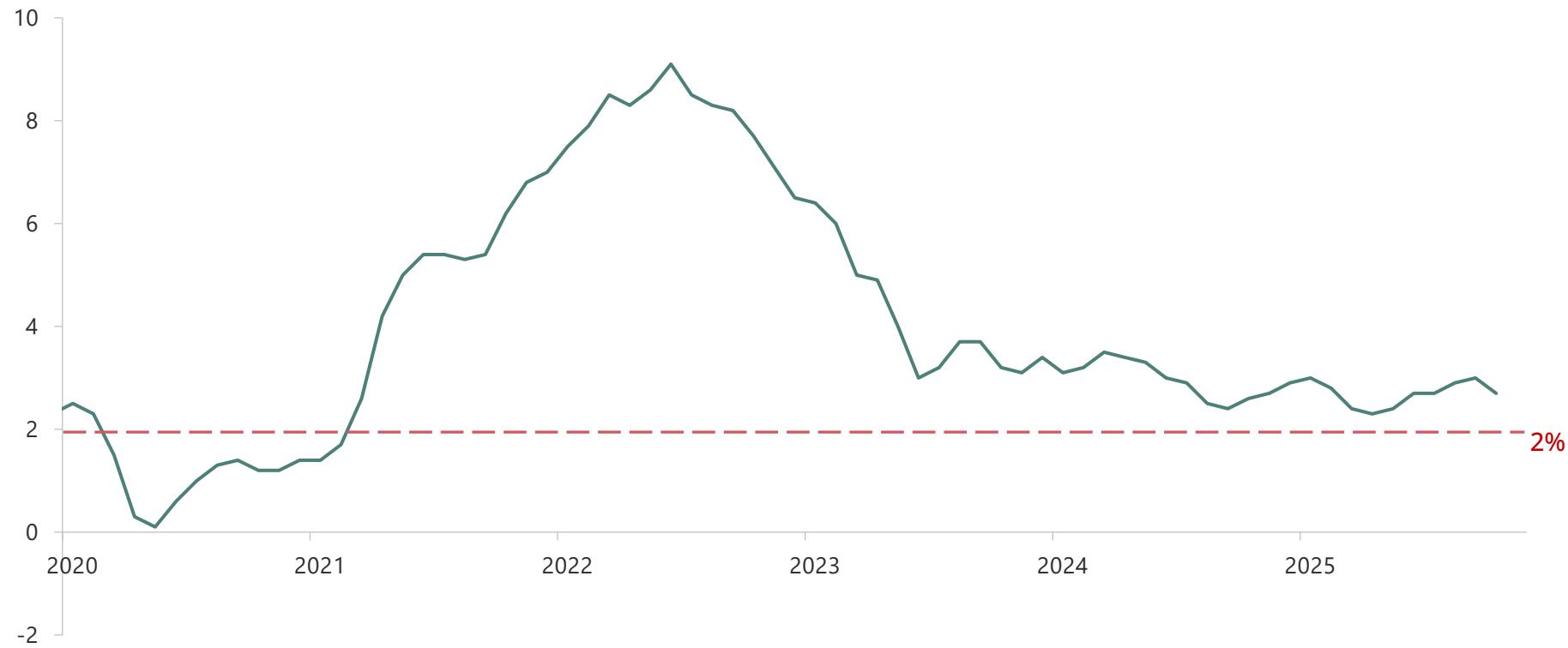
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## Outlook

Inflation has been above target in the US for the *past 59 months*... but markets believe it is going to be 2% for the next 30 years!

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US CPI (YoY, %)



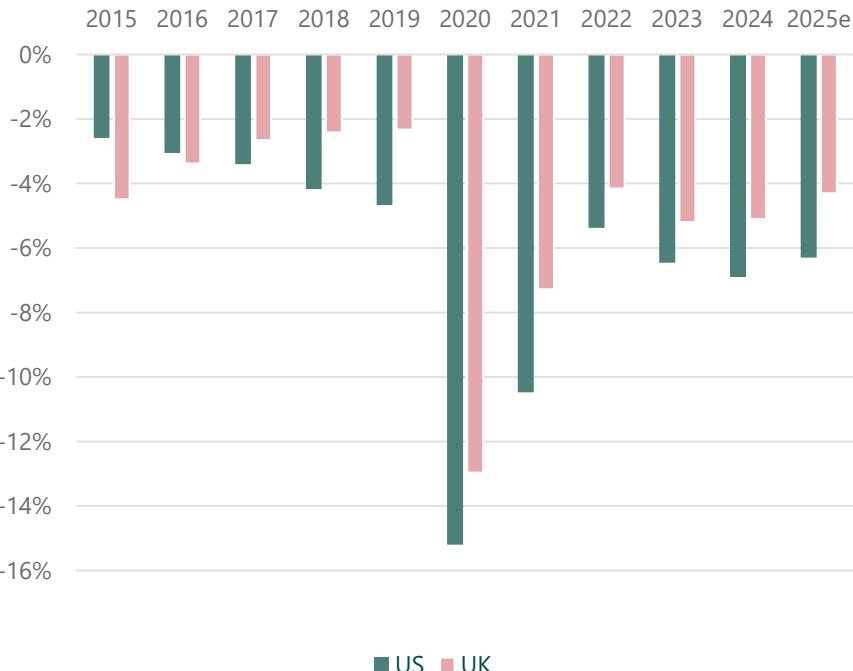
Source: Bloomberg Finance LP

## Outlook

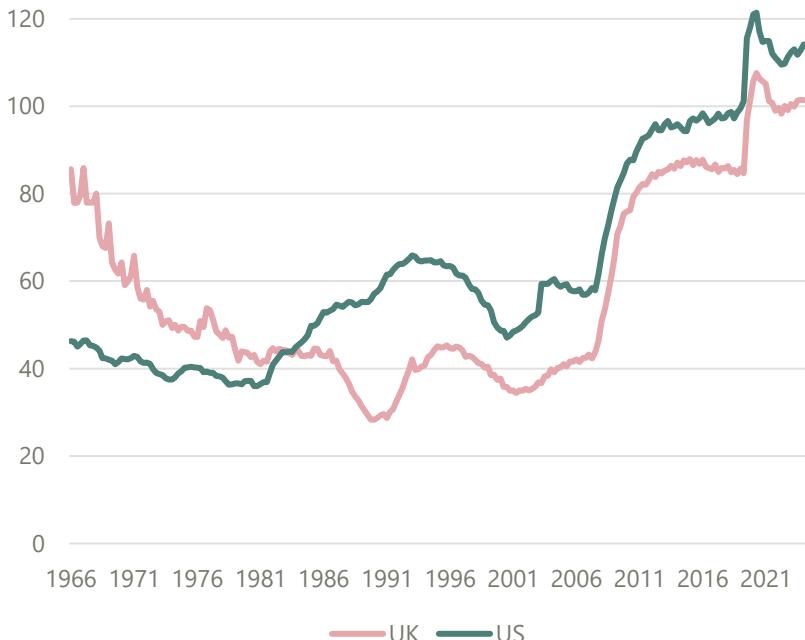
**Fiscal deficits in the US are projected to be 6.4% in 2026 providing the Supreme Court finds the tariffs to be legal**

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US & UK Fiscal Balances 2015-2026e (% GDP)



UK & US Government Debt to GDP (%)



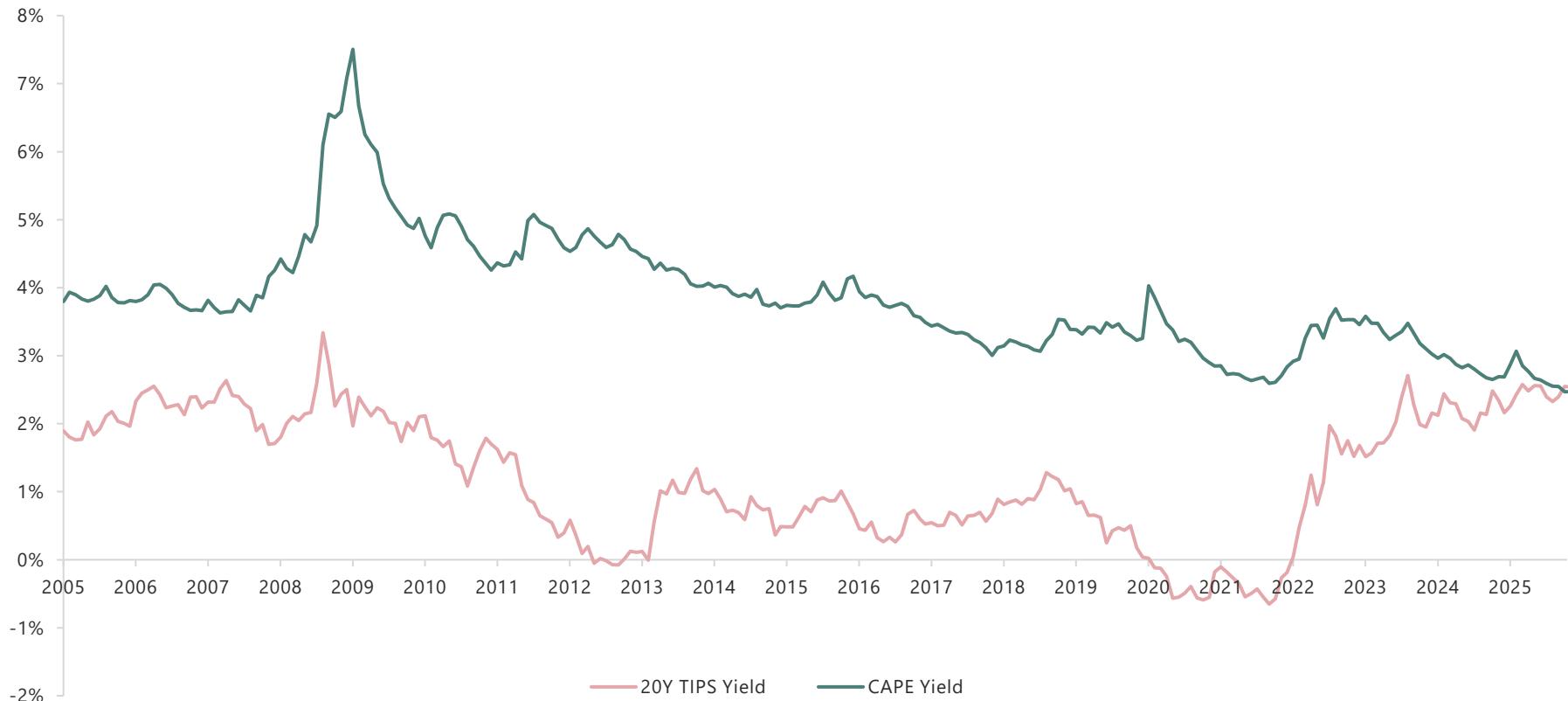
Source: Bloomberg, BIS

## Outlook

**US equity valuations are at extreme levels, suggesting considerable downside and little opportunity cost from owning bonds**

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S&P 500 CAPE Yield vs. 20Y TIPS Yield



Source: Bloomberg Finance LP

## Outlook

# When it comes to long term returns starting valuations really *really* matter

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S&P 500 - 10 Year Annualised Returns by starting CAPE Decile



Source: Robert Shiller Online Dataset (yale.edu), CGAM Analysis

## Outlook

# Retail flows are driving prices, while fund managers dare not miss out

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US equity volume participation by retail (%)



*“Retail trading ... accounted for 20–25% of total activity this year, **touching a record high of about 35% in April 25**”*

*“The amount of cash retail investors poured into U.S. stocks so far in 2026 is up 53% from \$197 billion a year earlier and **14% higher than the \$270 billion hit at the height of the retail trading frenzy in 2021**”*

- J.P.Morgan

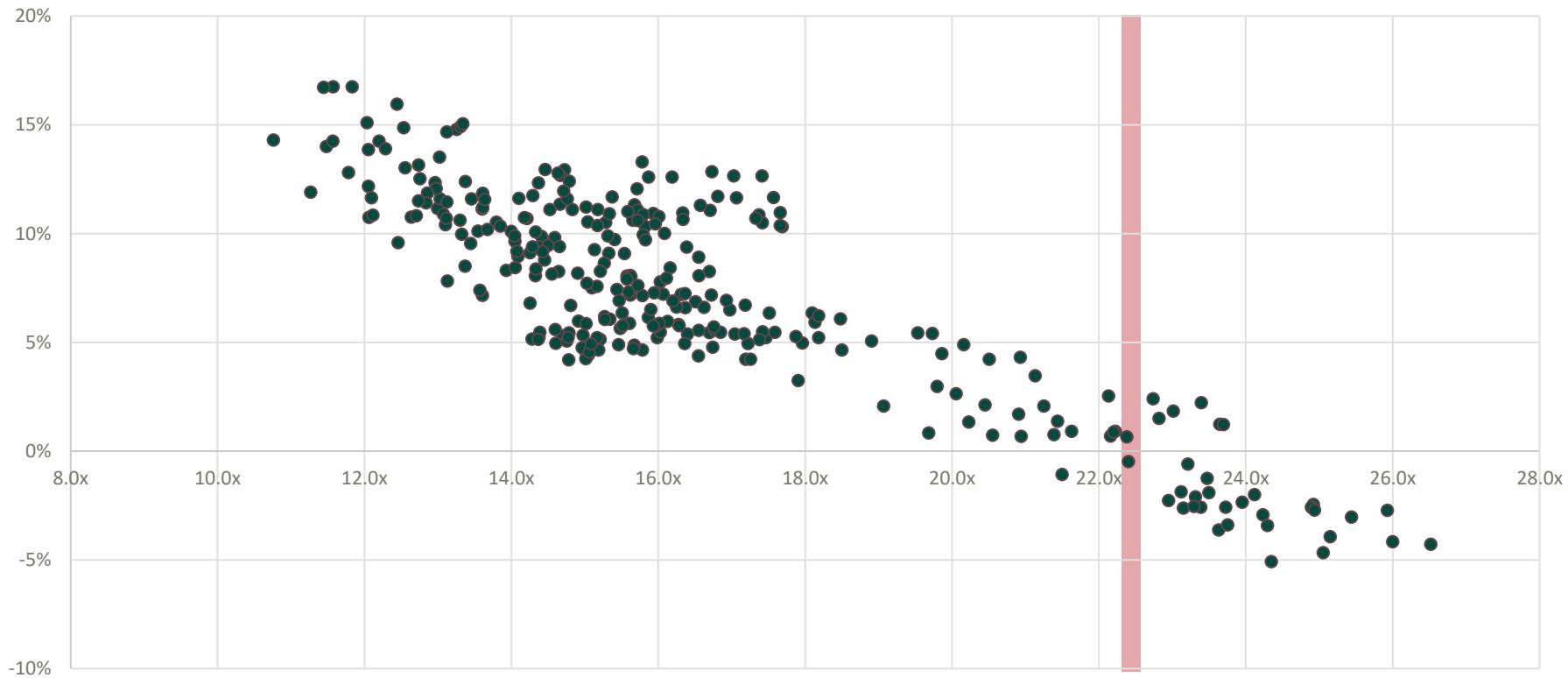
Source: Bloomberg L.P., Reuters

## Outlook

It's not just the CAPE ratio, on a forward P/E basis, the expected 10 year return is roughly zero *in nominal terms*

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S&P 500 forward P/E ratios and subsequent 10-year returns (%, annualised total return)



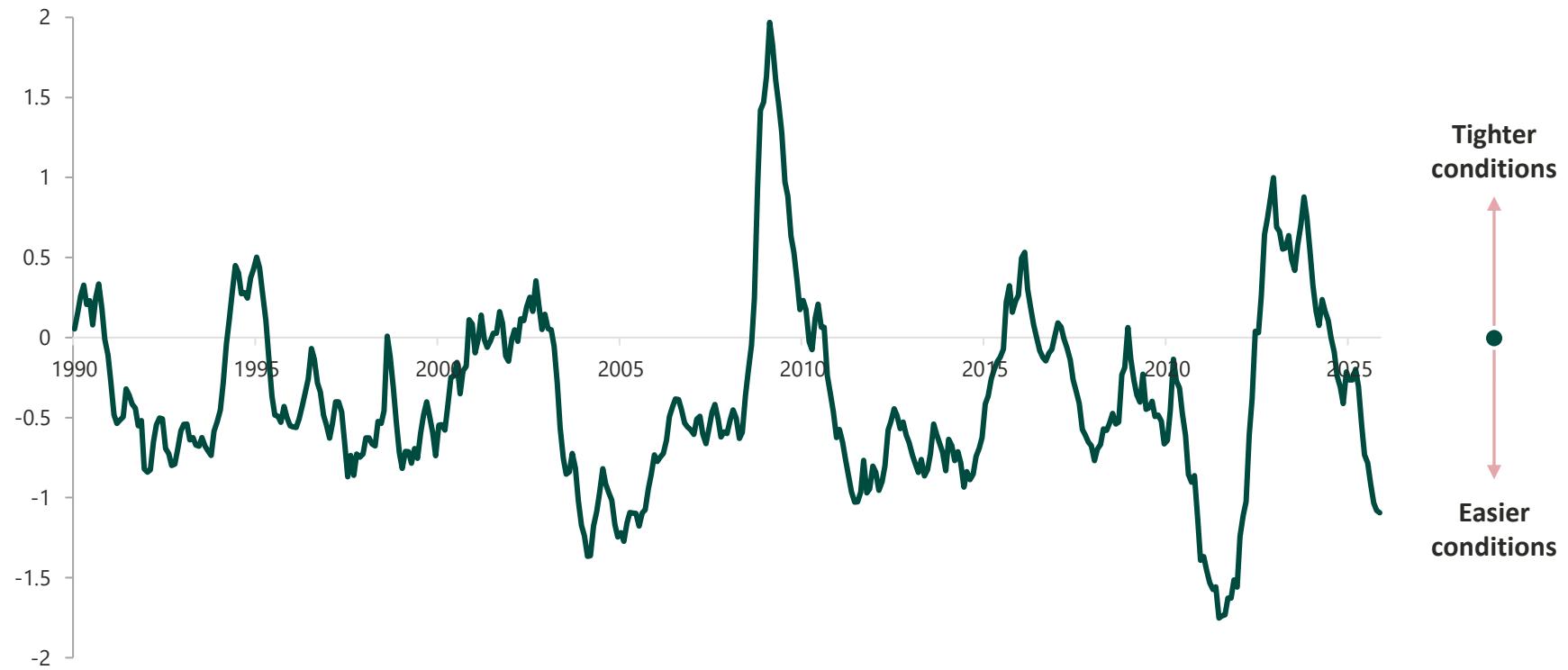
Source: Bloomberg L.P. data since 1990 which is the earliest available, CGAM analysis

## Outlook

Outside of the “everything bubble”, financial conditions *are as easy as they have ever been*

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US Financial Conditions Index (base=1990)



Source: Monthly change in the Federal Reserve's macroeconomic model based on model-weighted changes in interest rates, asset prices, credit conditions, housing prices, and the U.S. dollar

# Q&A

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