

A black and white photograph of two mountain goats standing on a dark, layered rock face. The goat on the left is standing upright, facing slightly to the left. The goat on the right is standing upright, facing slightly to the left. The rock face is dark and has a layered, textured appearance.

CG Asset Management

Q4 2025 Webinar

Jan 2026

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Funds Summary

Strategy	Fund	ISIN	Launched	AUM ⁶	Dealing Frequency ²	AMC Fee	TER
Absolute Return Long only investments in a portfolio of bonds, equities and commodities	Capital Gearing Trust	GB0001738615	1982 ¹	£813m	Listed	0.41% ³	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% ⁴	0.41%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£397m	Daily	0.25% / 0.15% ⁵	0.37%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£24m	Daily	0.15%	0.29%

¹ Peter Spiller began managing Capital Gearing Trust in 1982; ² Capital Gearing Trust is an Investment Trust listed on the London Stock Exchange, all other funds are Open Ended UCITS domiciled in Dublin; ³ Tiered fee structure, marginal rate is 0.3% above £500m; ⁴ 0.3% below £500m, 0.2% above; ⁵ 0.25% below £1bn, 0.15% above; ⁶ As of 31st December 2025

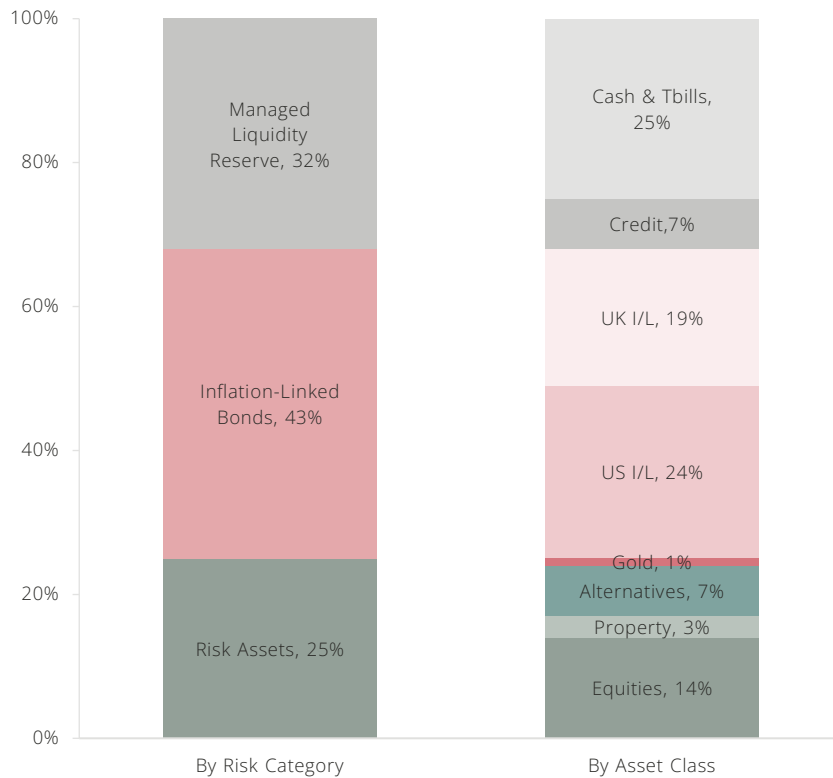
Positioning and Returns

Q4 & Annual Review 2025

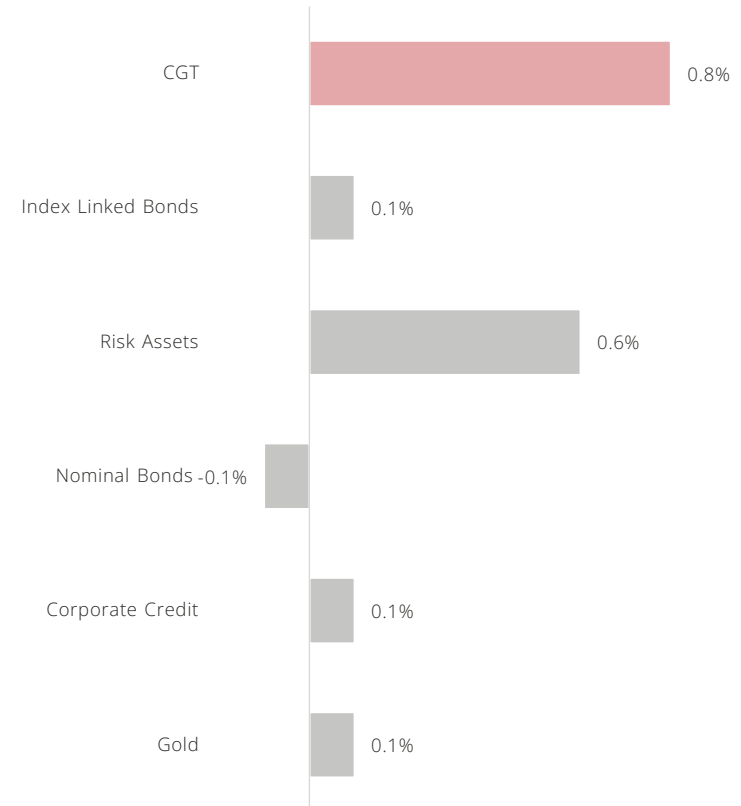


As equity markets surged, we continued to trim risk in Q4

CGT Asset Allocation December 2025



Contribution by Asset Class Q425



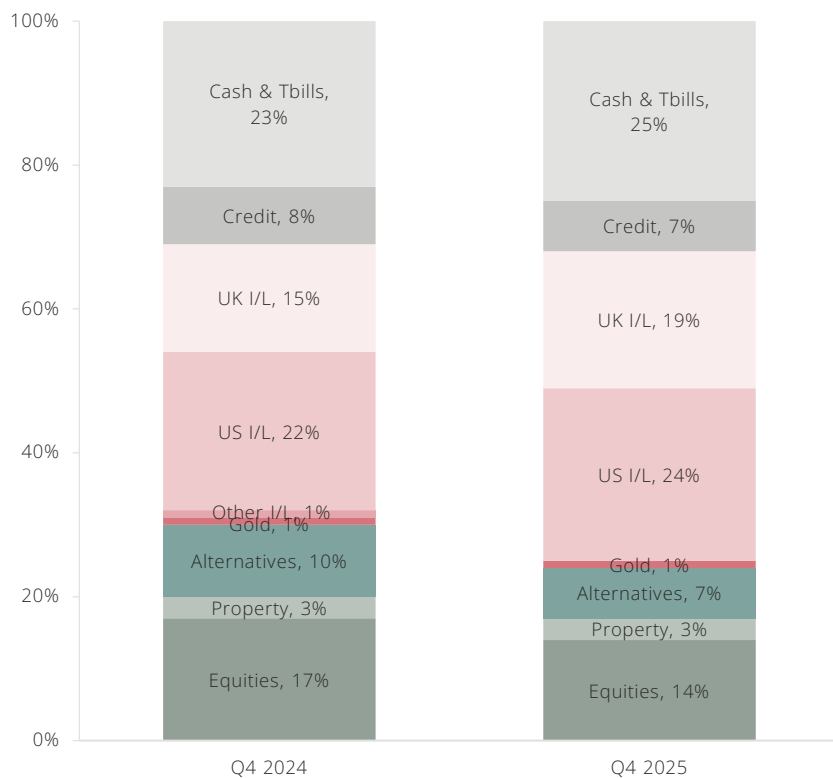
NAV performance net of fees

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

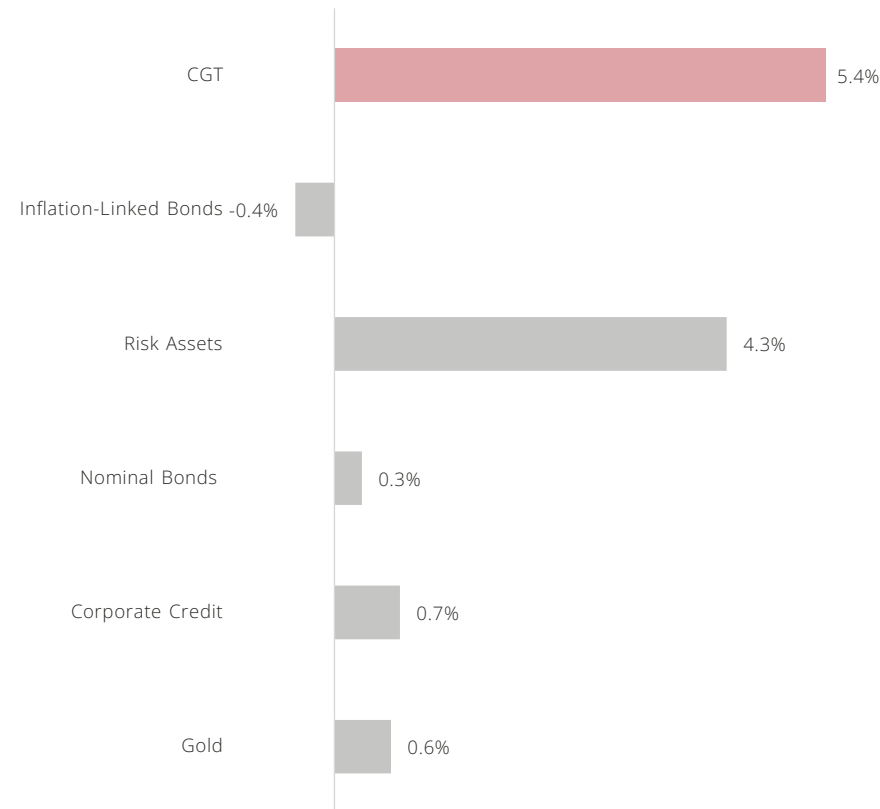
Positioning and Returns

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

CGT Risk Assets Returns Performance to December 2025¹



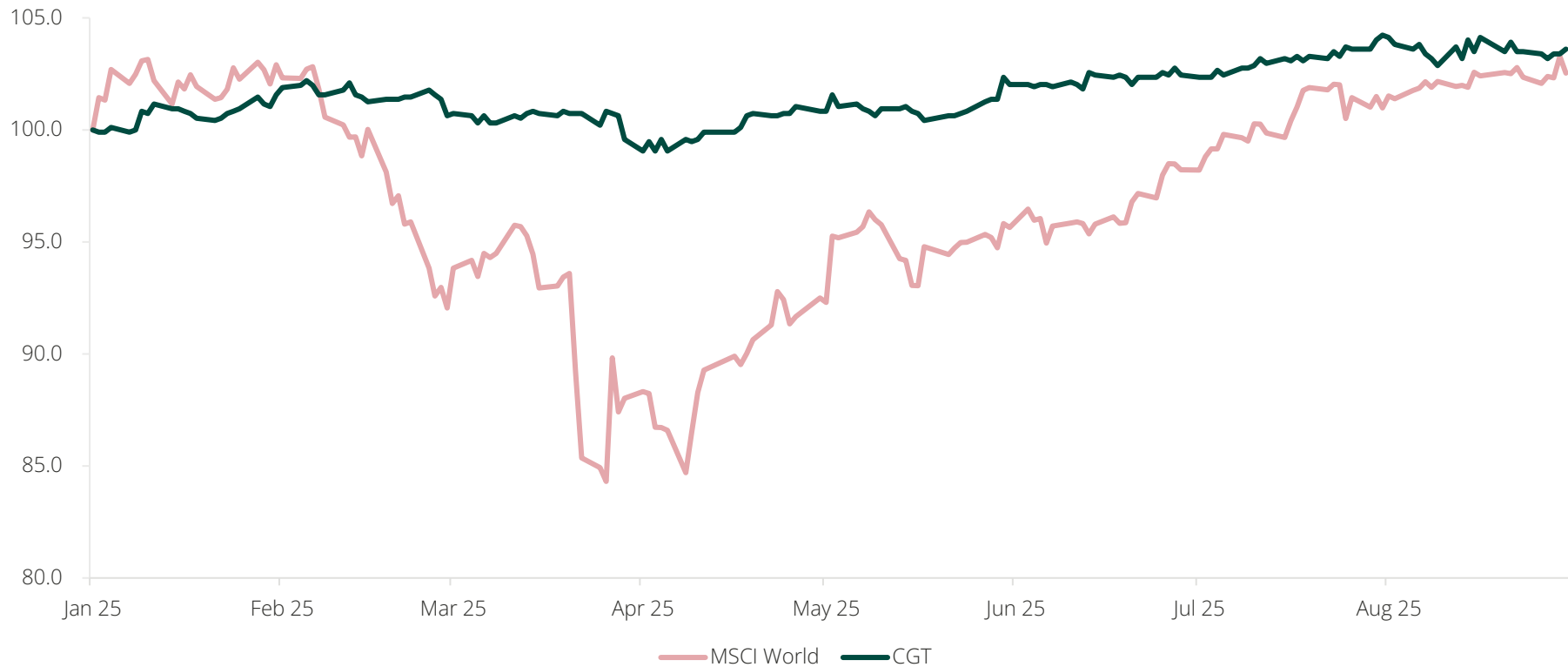
CGT Bonds Only Returns Performance to December 2025¹



¹Risk 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

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

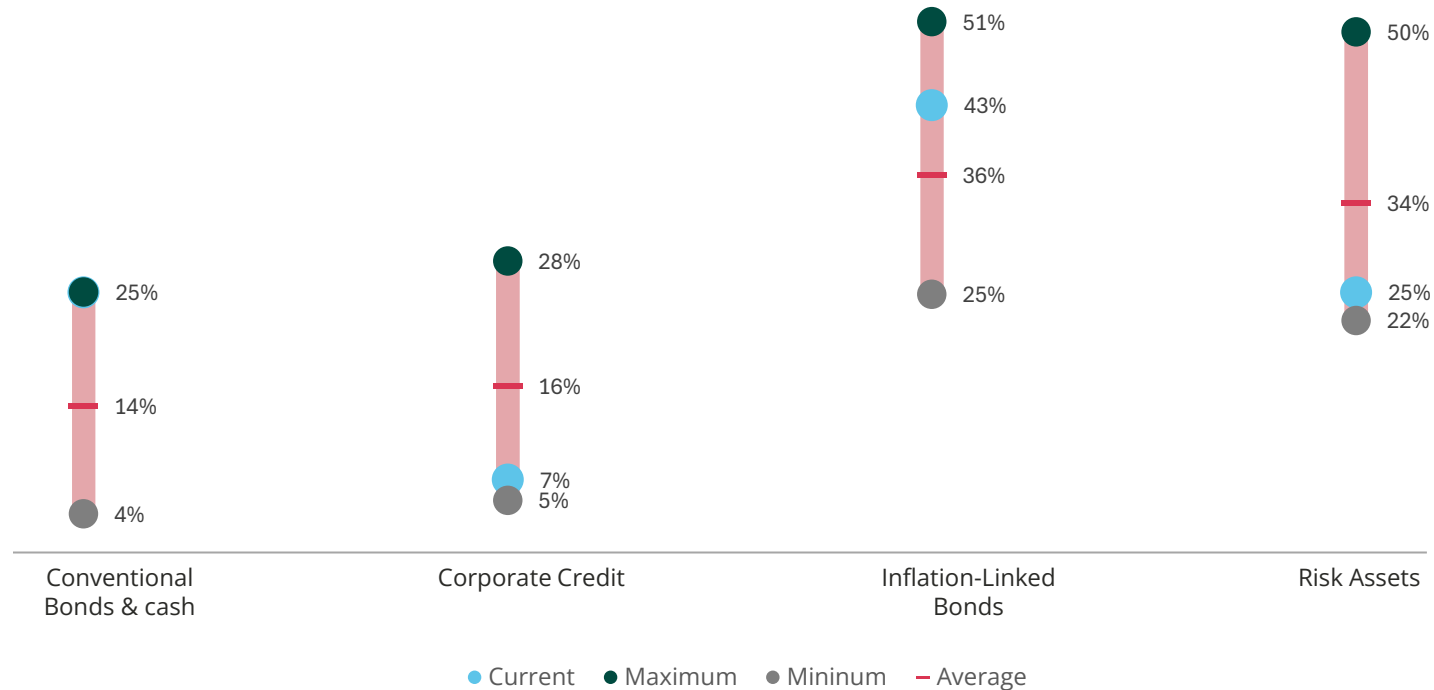


Sources: Bloomberg Finance L.P., Northern Trust

Positioning and Returns

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

CGT Asset Allocation: 2011-2025



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

2025 was the year *that*

In geopolitics...

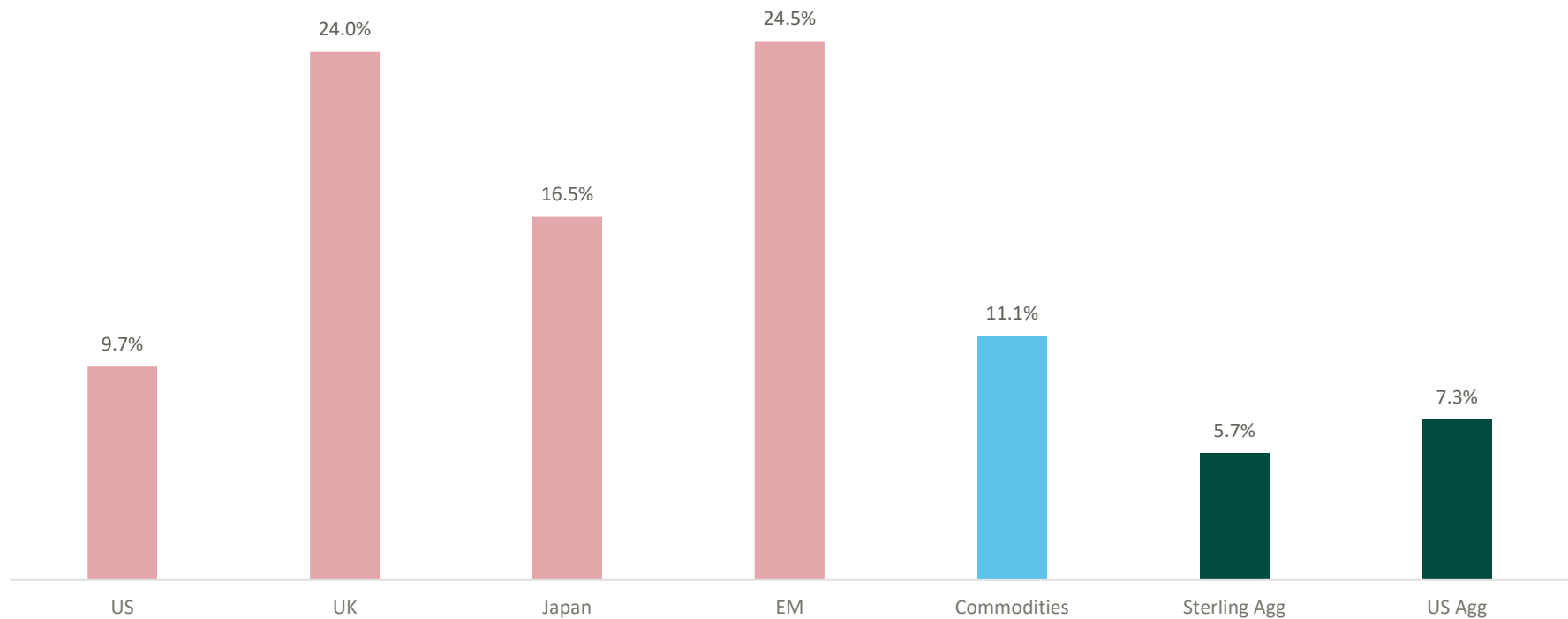
1. US Tariffs
2. Iran-Israel War
3. Ukraine War rumbles on
4. Re-emergence of *realpolitik*

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

Against that backdrop, pretty much everything went up!

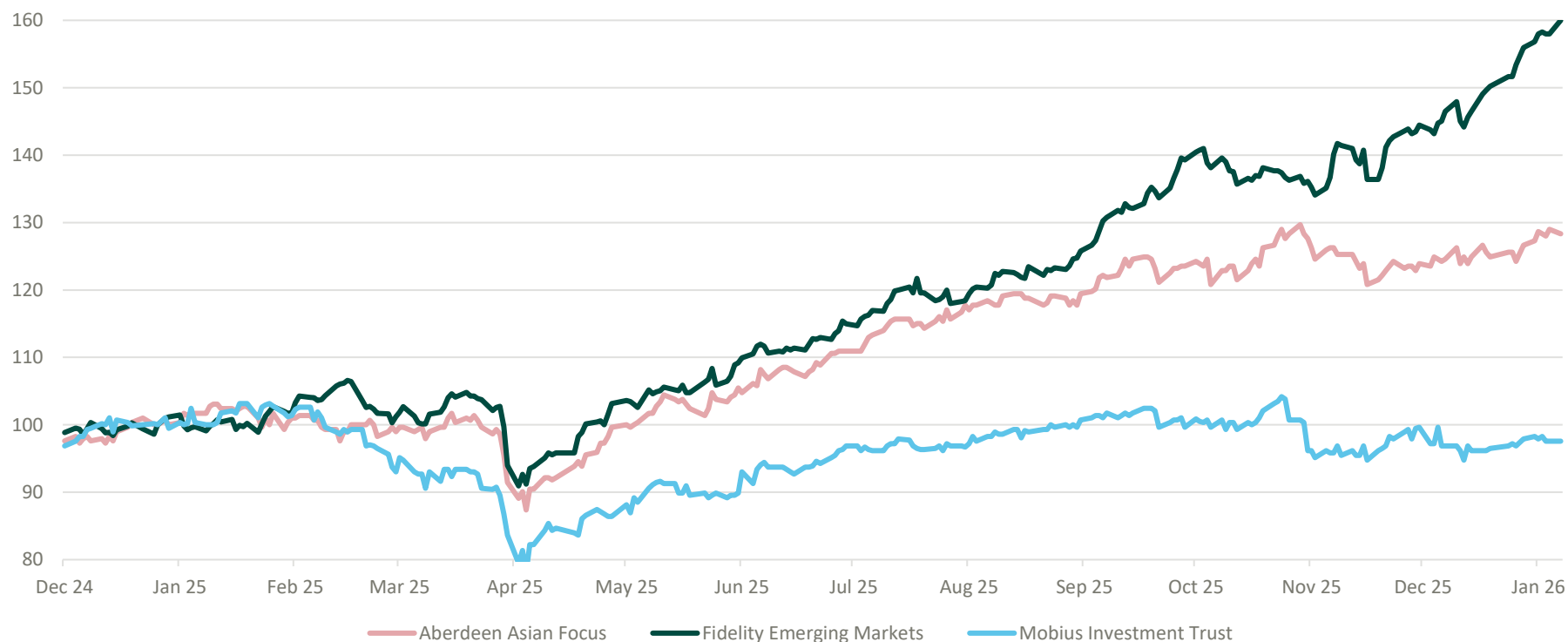
Total Return 2025 – Selected Asset Classes (GBP)¹⁾



¹⁾ Except US Agg which is in dollars

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

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

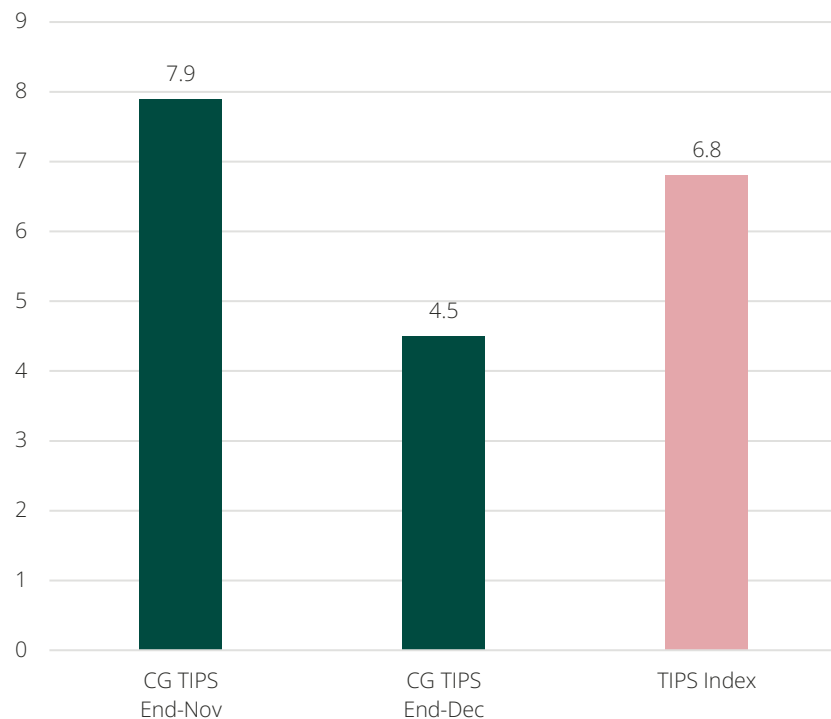


Source: Bloomberg Finance L.P.

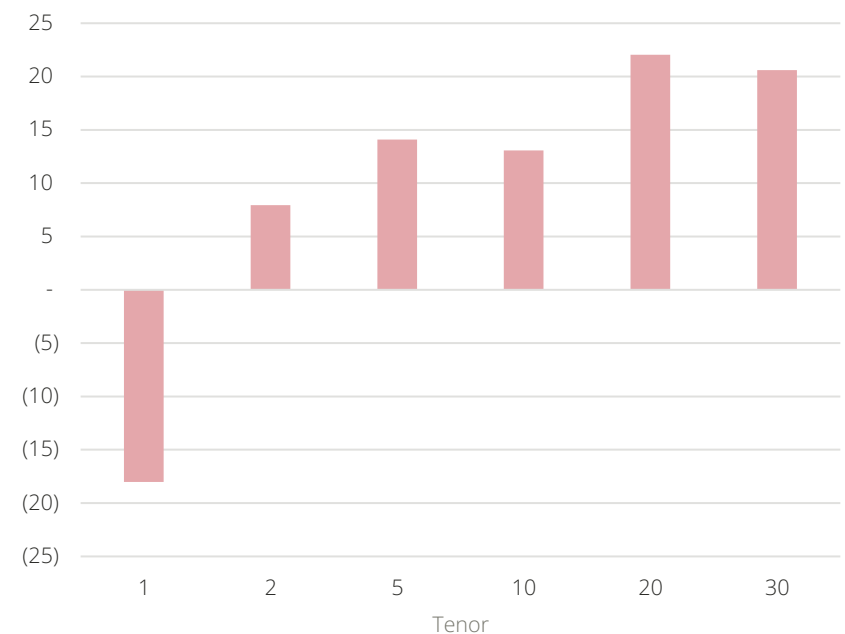
Positioning and Returns

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

CG TIPS Duration vs. Index (Years)



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



Source: Bloomberg

We continue to find niche, profitable opportunities in investment trusts

DNA3 Share price (inc. dividends)



Source: Bloomberg, Northern Trust, CGAM Calculations

Outlook

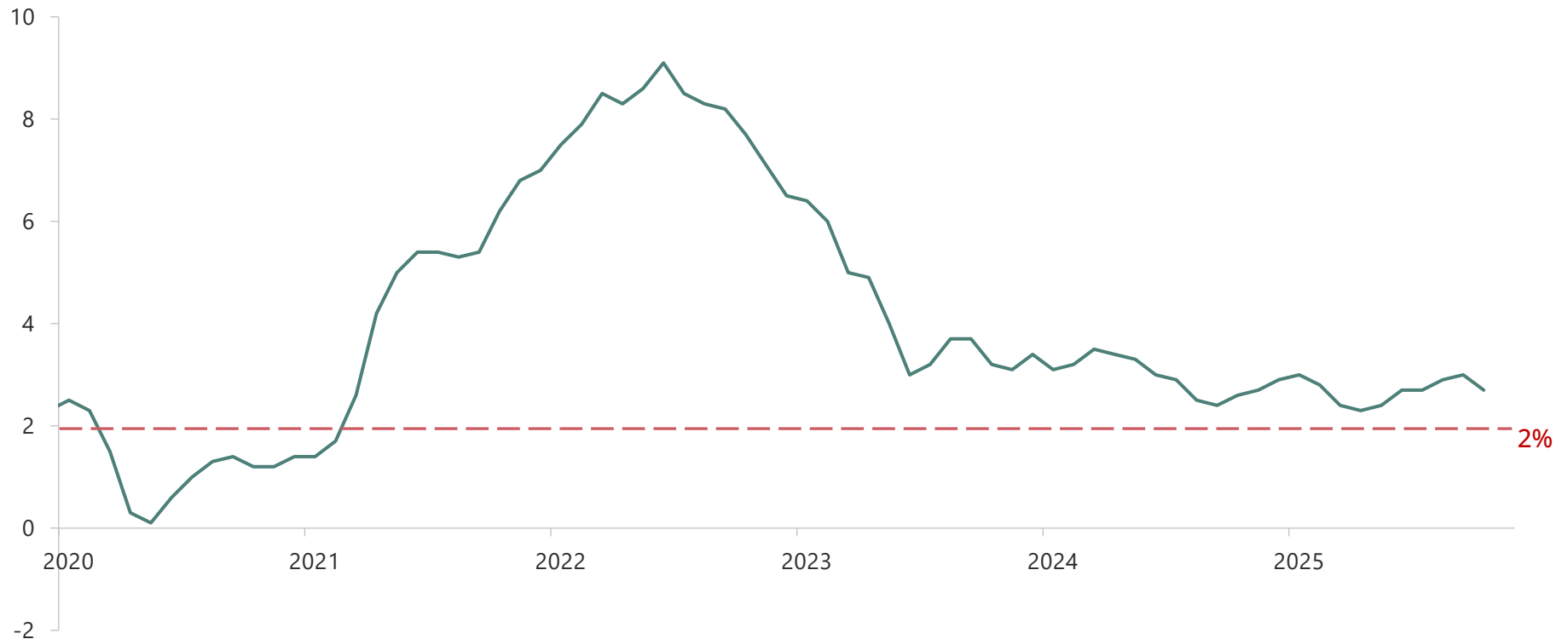
2026

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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!

US CPI (YoY, %)

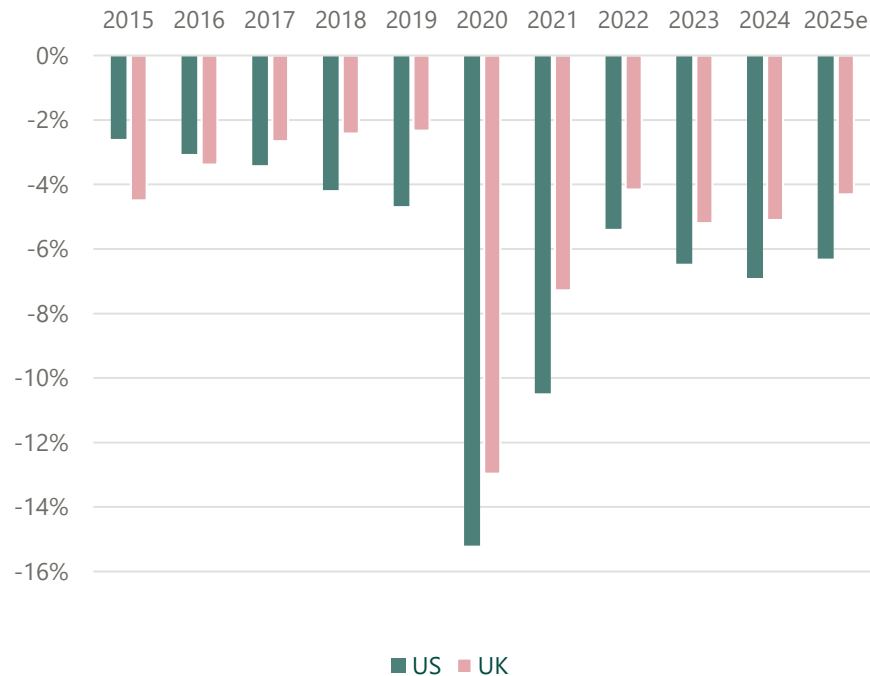


Source: Bloomberg Finance LP

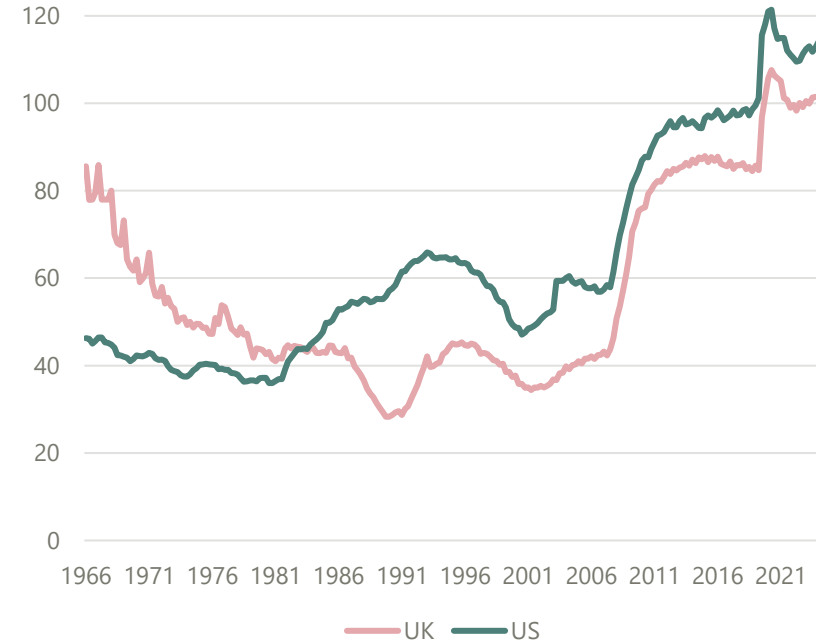
Outlook

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

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



UK & US Government Debt to GDP (%)

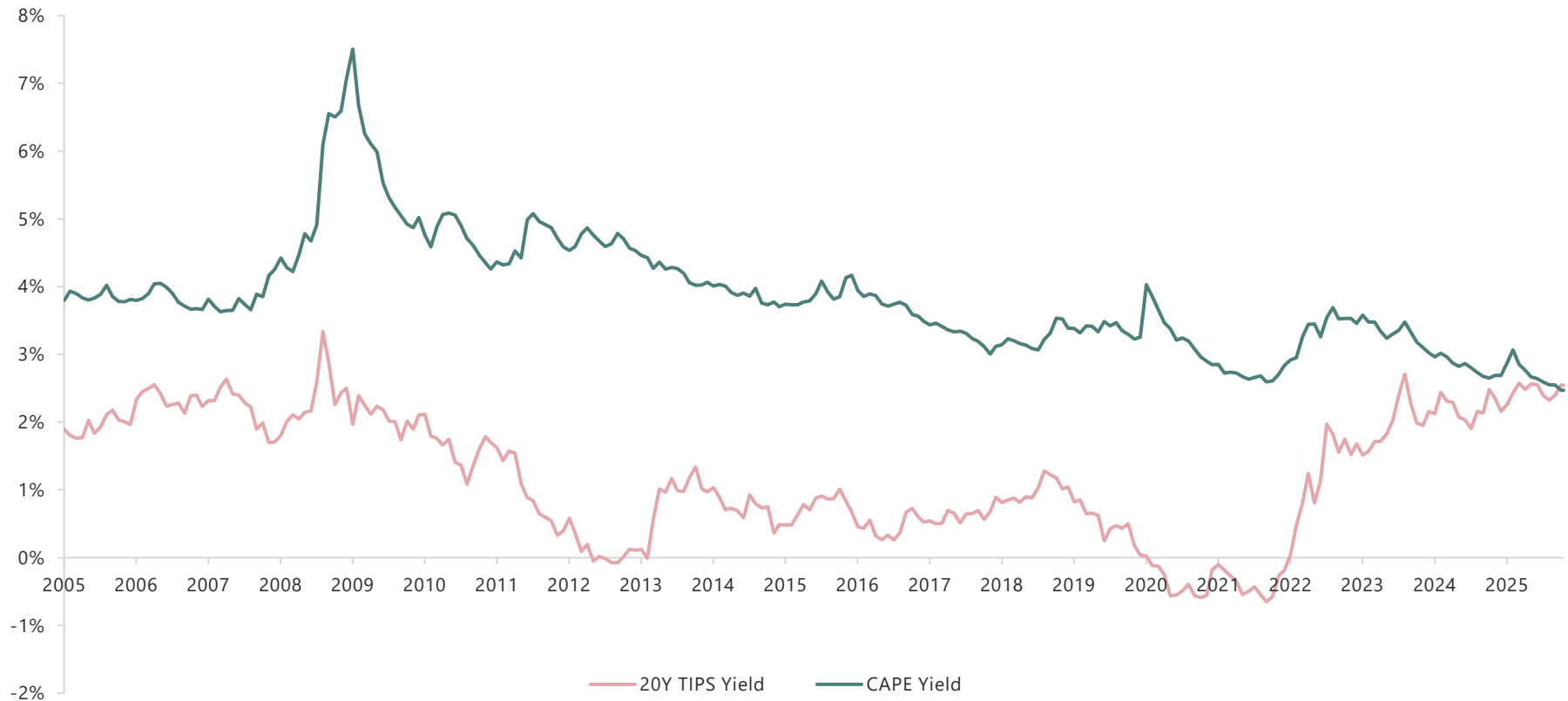


Source: Bloomberg, BIS

Outlook

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

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



Source: Bloomberg Finance LP

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

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

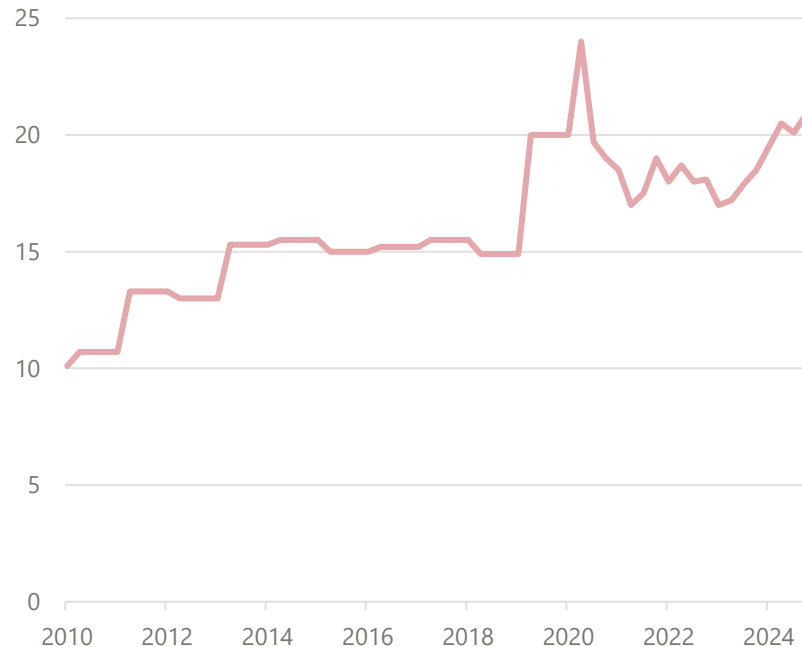


Source: Robert Shiller Online Dataset (yale.edu), CGAM Analysis

Outlook

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

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**”*

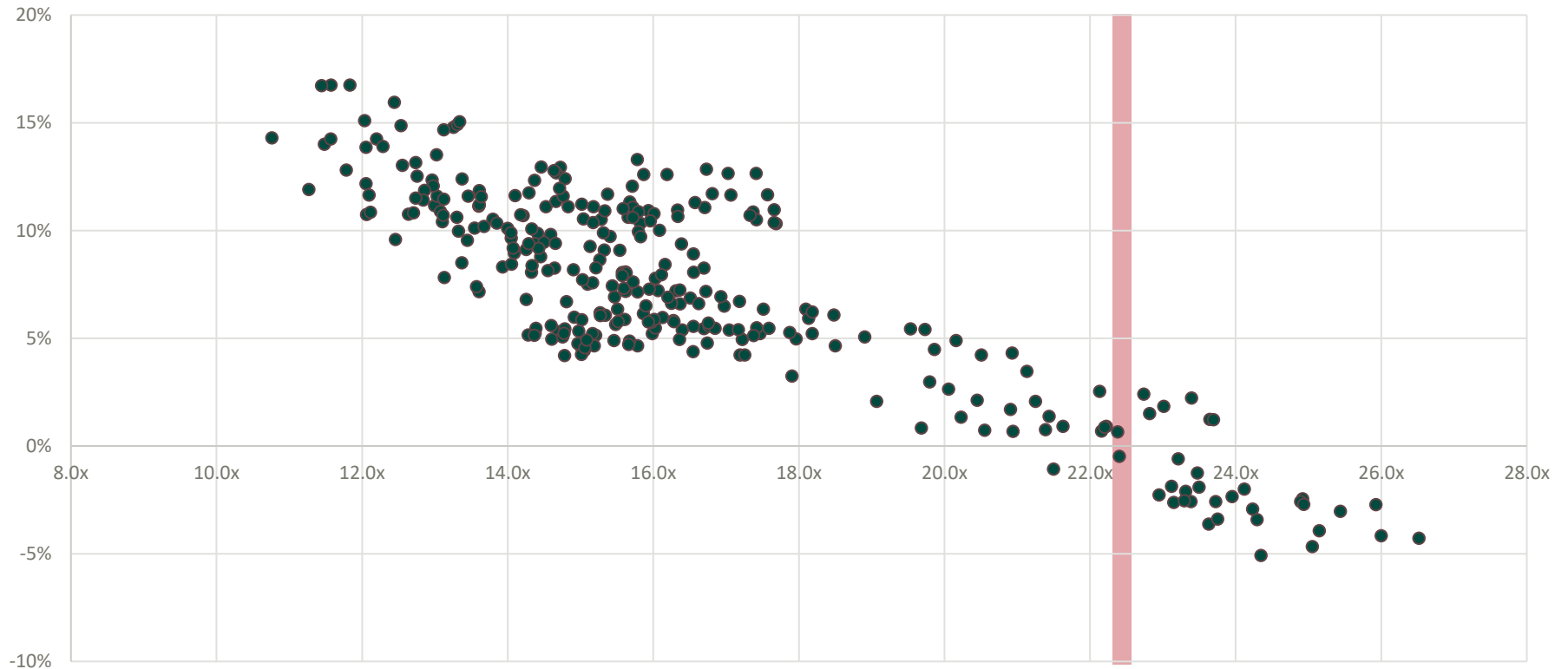
- J.P.Morgan

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*

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

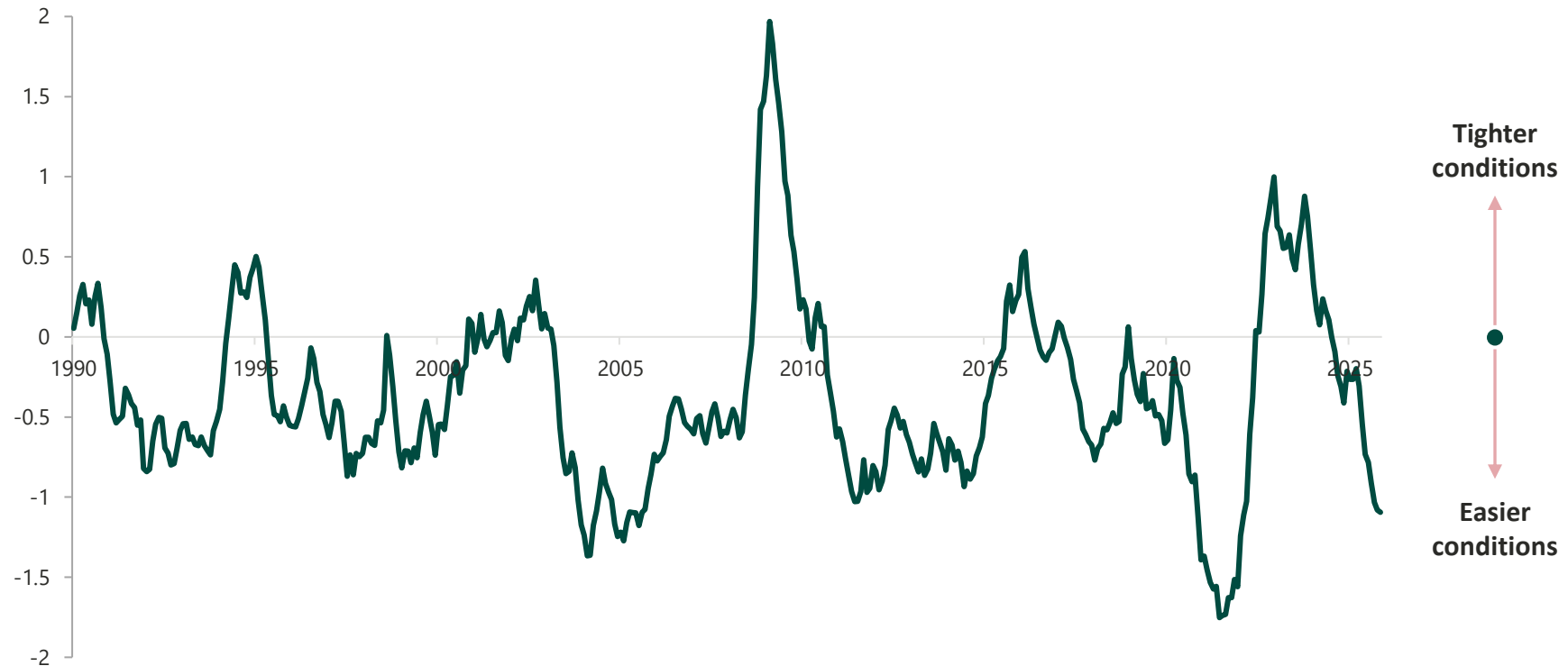


Source: Bloomberg L.P. data since 1990 which is the earliest available, CGAM analysis

Outlook

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

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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