

A black and white photograph of two mountain goats standing on a dark, layered rock face. The goats are positioned in the upper right quadrant of the image. The rock face shows distinct horizontal and vertical geological strata. The overall scene is dramatic and rugged.

Capital Gearing Trust plc

2026 Annual Results

June 2026

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Interim Results 2026: Key Highlights



NAV Total Return: +5.8%
(CPI Return: 3.3%)



Share Price Total Return: +6.4%



Our Discount Control Policy ("DCP") has kept our shares trading close to NAV



The majority of returns came from the Risk Asset portfolio, with equities performing well despite an uncertain geopolitical background



As a consequence of CGT's strong performance since launch, the Board is proposing a 10 for 1 share split, to increase accessibility and market liquidity in the shares



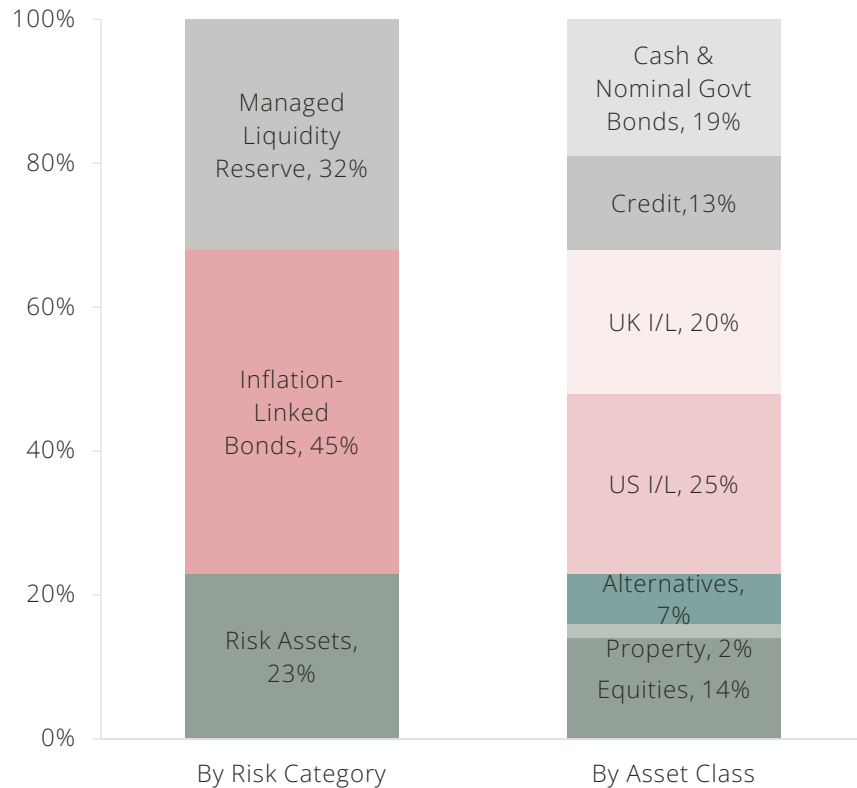
CGT remains defensively positioned, with significant allocations to its managed liquidity reserve and inflation-linked bonds, with a cautious stance toward risk assets.

Positioning and Returns

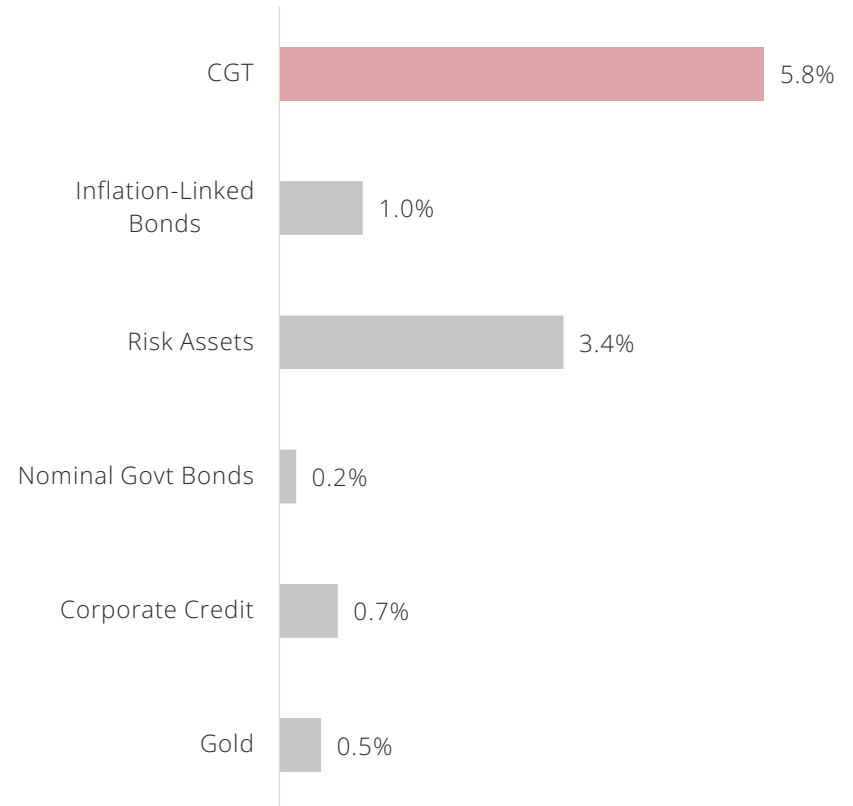
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Positioning is defensive, with a focus on inflation protection

CGT Asset Allocation March 2026



Contribution by Asset Class FY March 2026

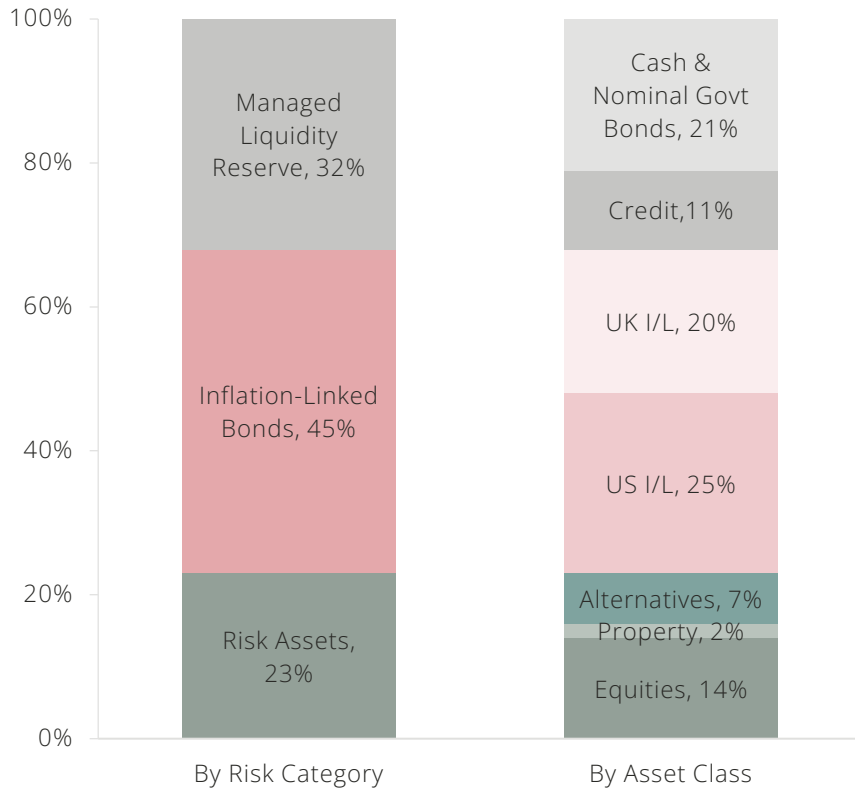


NAV performance net of fees

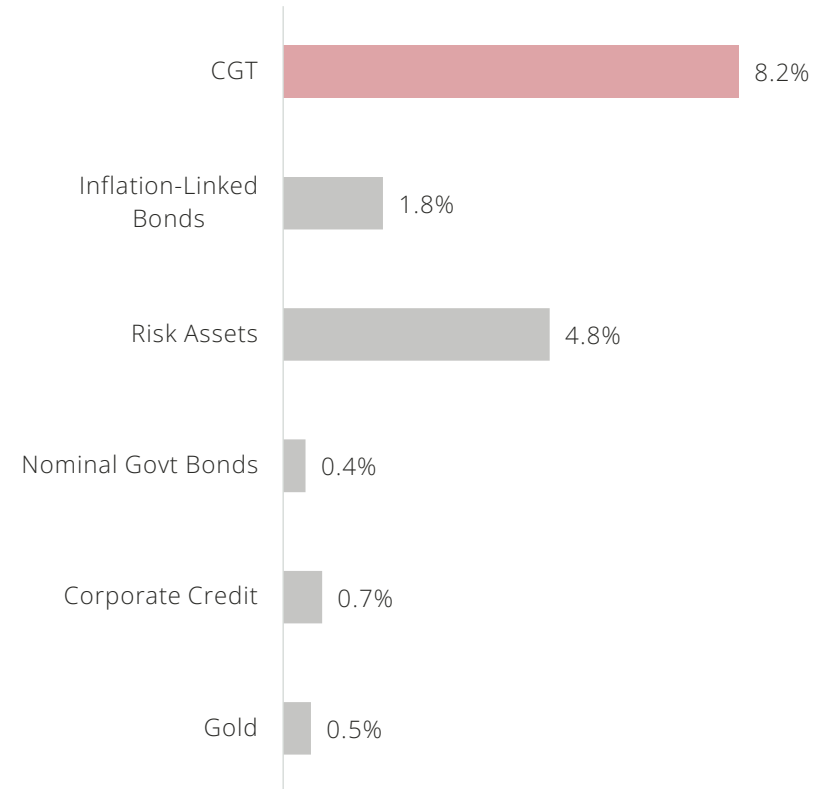
Source: CGAM, Bloomberg Finance L.P., Northern Trust

The portfolio has continued to perform since the year end

CGT Asset Allocation May 2026



Contribution by Asset Class LTM

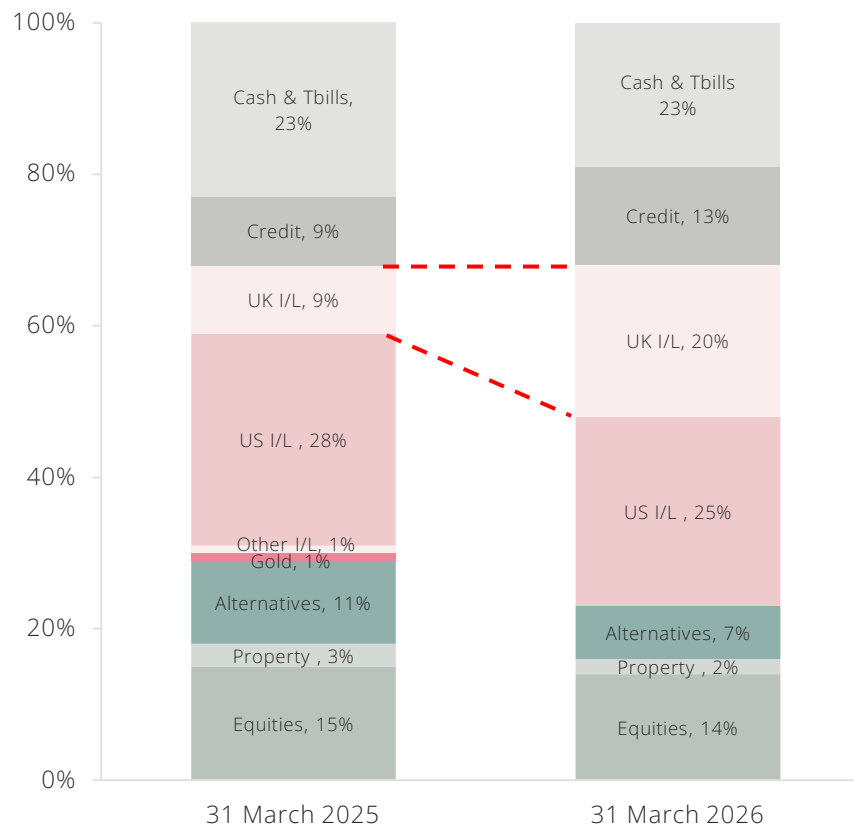


NAV performance net of fees
 Source: CGAM, Bloomberg Finance L.P., Northern Trust

Positioning and Returns

Over the last year, we increased our allocation to inflation-linked gilts and exited our position in gold and renewables

Changes to CGT's Asset Allocation 31/03/25 – 31/03/26



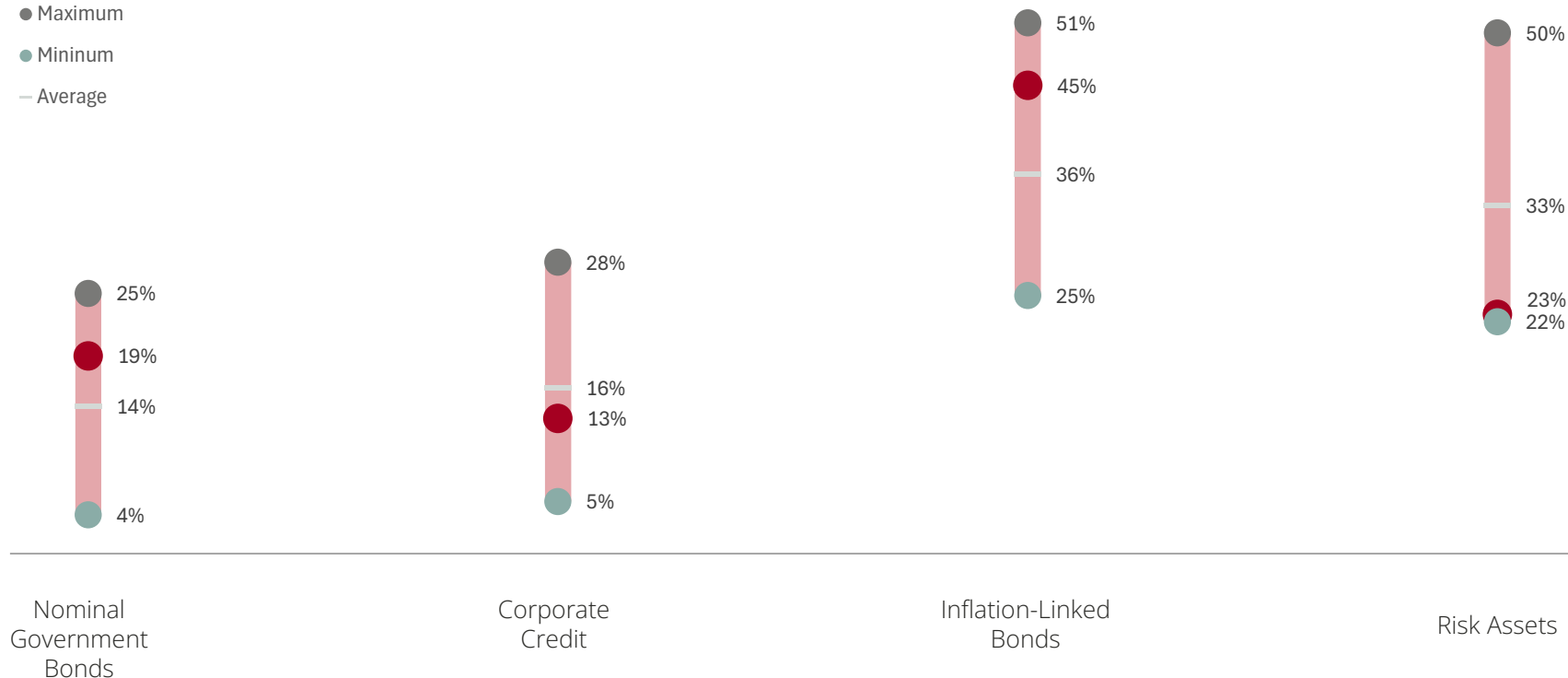
NAV performance net of fees
Source: CGAM, Bloomberg Finance L.P., Northern Trust

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: 2011-2026

- Current
- Maximum
- Minimum
- Average



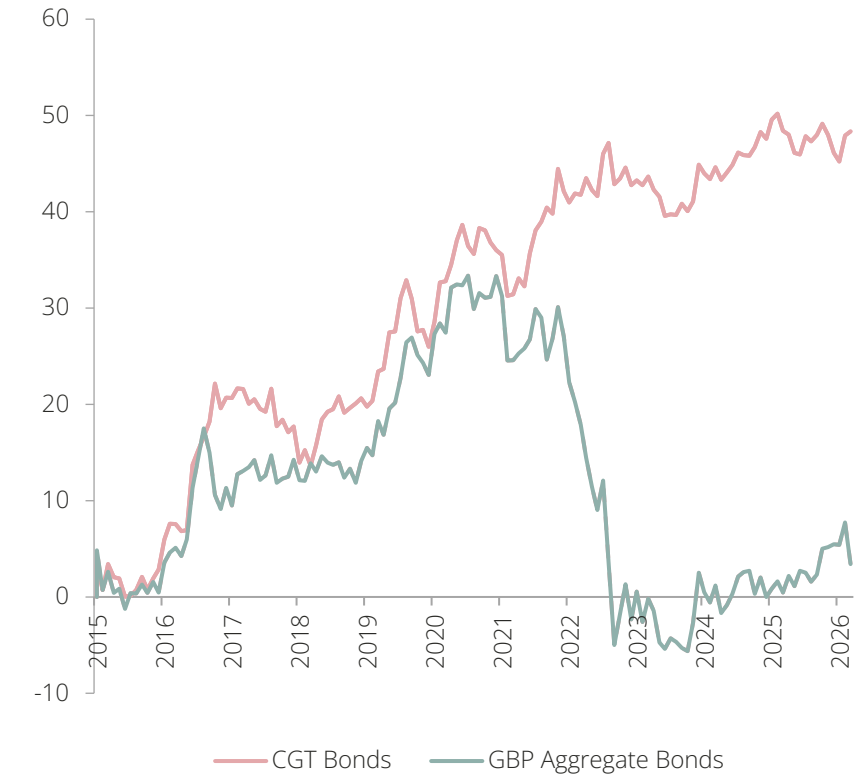
Source: CGAM, Bloomberg Finance L.P., Northern Trust, Enfusion

Both equity and bond portfolios have contributed to outperformance

CGT Risk Assets Returns Performance to March 2026¹



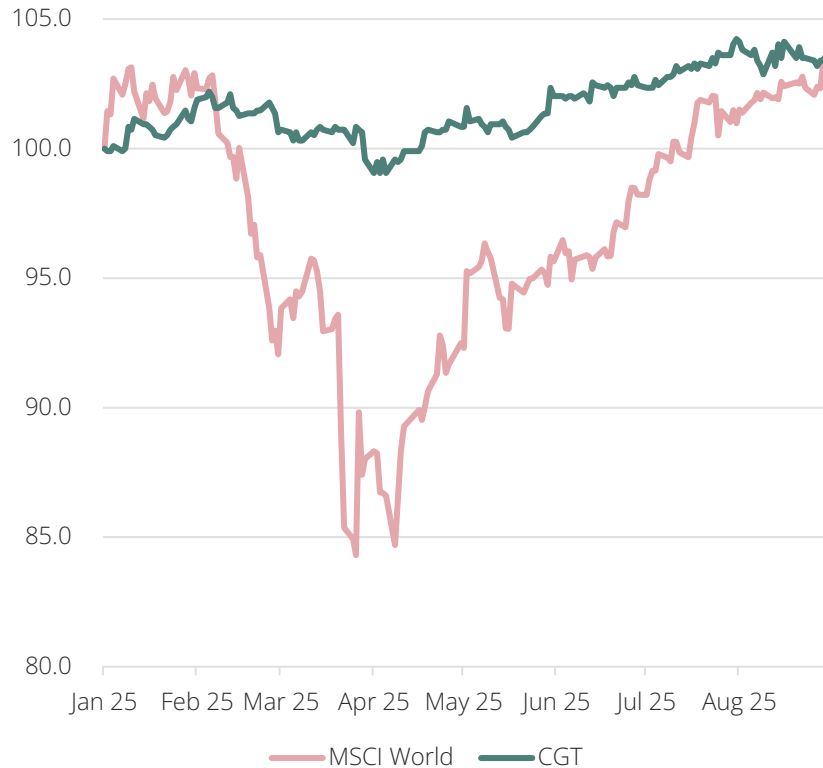
CGT Bonds Only Returns Performance to March 2026¹



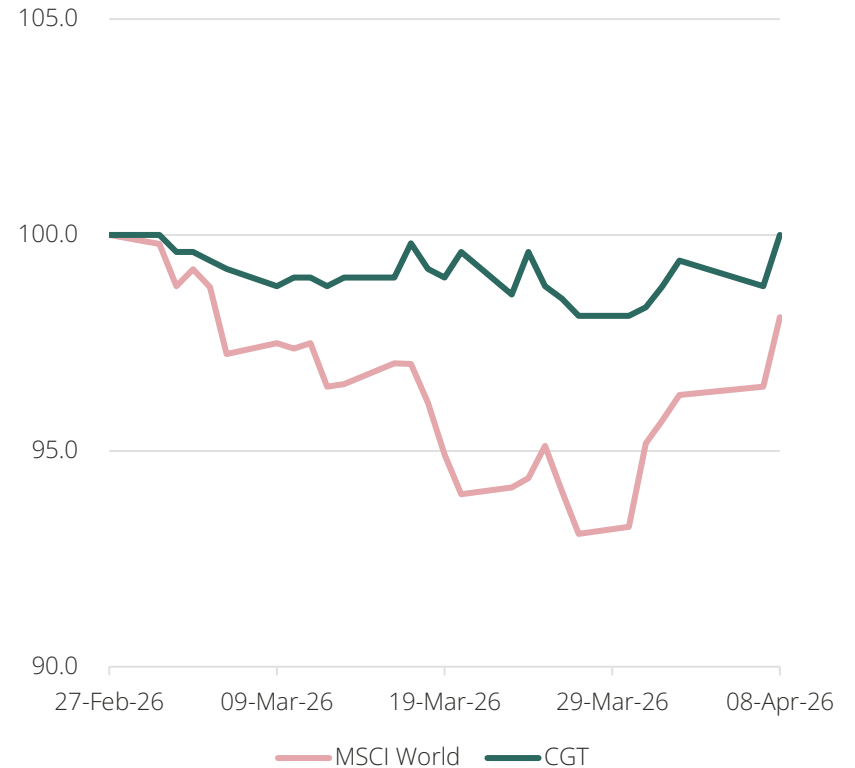
¹Risk Assets include equities, property, alternatives and gold. Bonds include credit and sovereign bonds (excluding T-Bills and cash), start period reflects the longest period available for CGT under Bloomberg AIM
Source: Bloomberg Finance L.P., Northern Trust

The portfolio proved resilient through two significant shocks over the period

CGT vs. MSCI World during Liberation Day shock



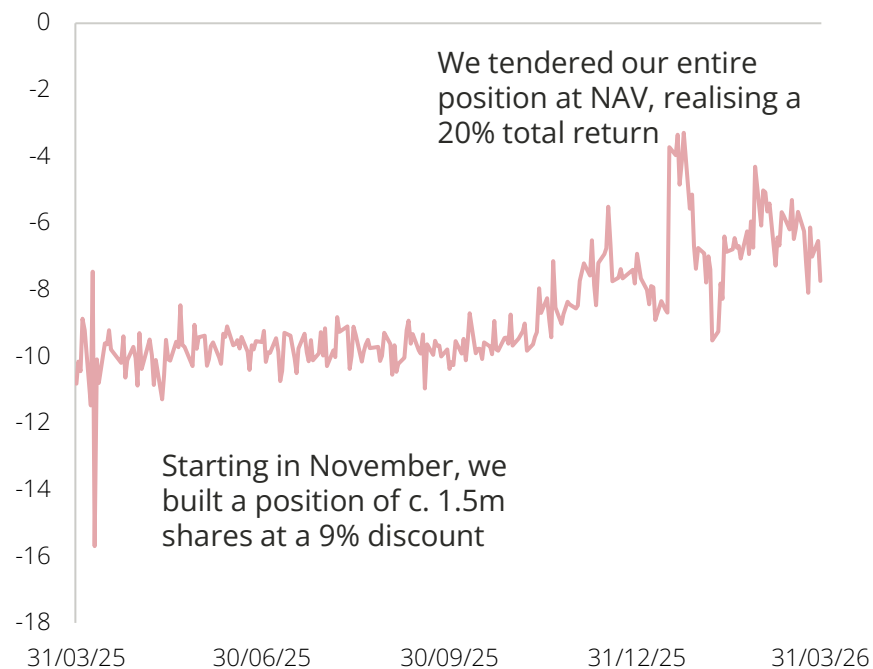
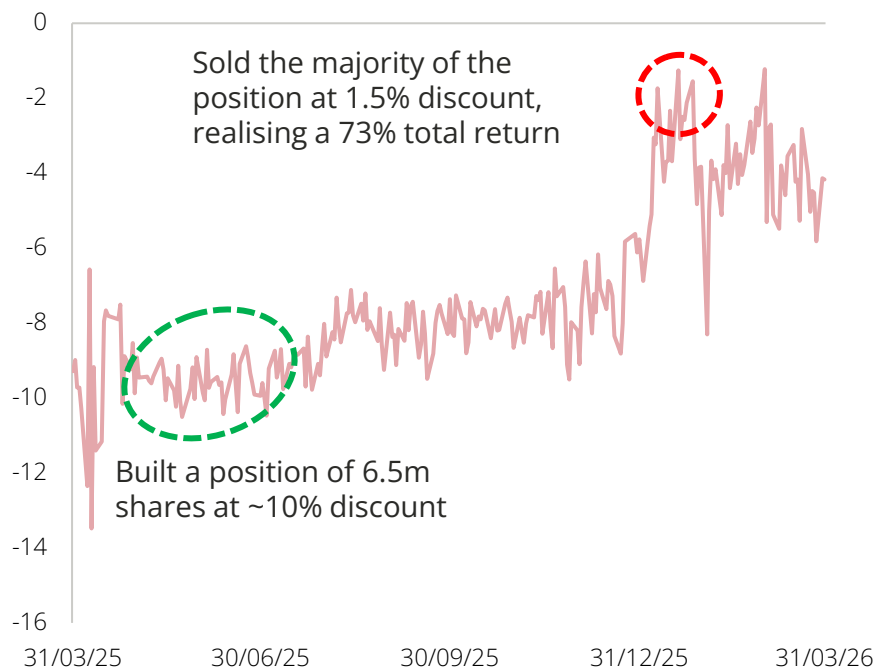
CGT vs. MSCI World during the initial Iran War shock



Sources: Bloomberg Finance L.P., Northern Trust

There have been several engagement and discount 'wins' throughout the year

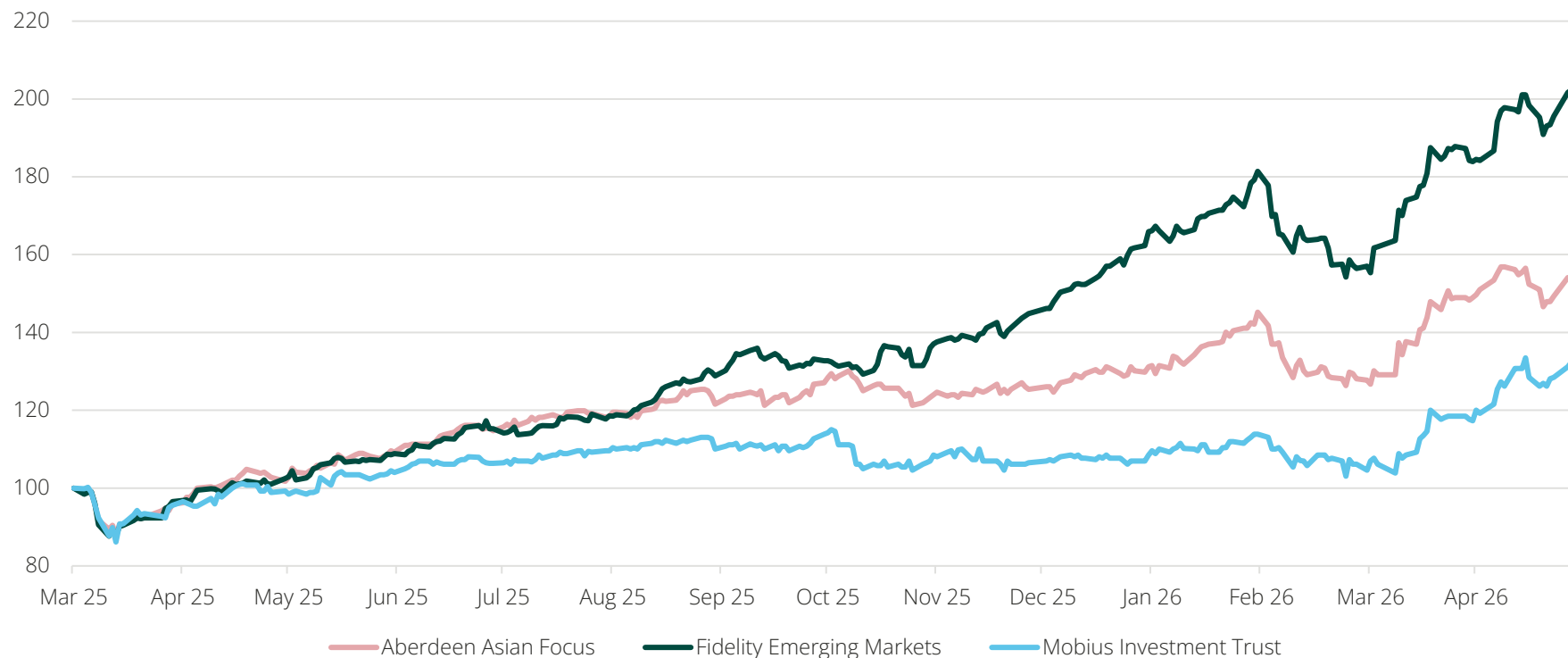
Blackrock Energy and Resources (discount to NAV %) Impax Environmental Markets (discount to NAV %)



Source: Bloomberg Finance L.P.

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

CGT's largest EM holdings (share price returns, rebased to 100 at 31 March 2025)



Source: Bloomberg Finance L.P.

Positioning and Returns

We continue to engage actively with boards, in favour of capital allocation policies which maximise shareholder value

HICL Infrastructure Plc: Premium / Discount to NAV (%)

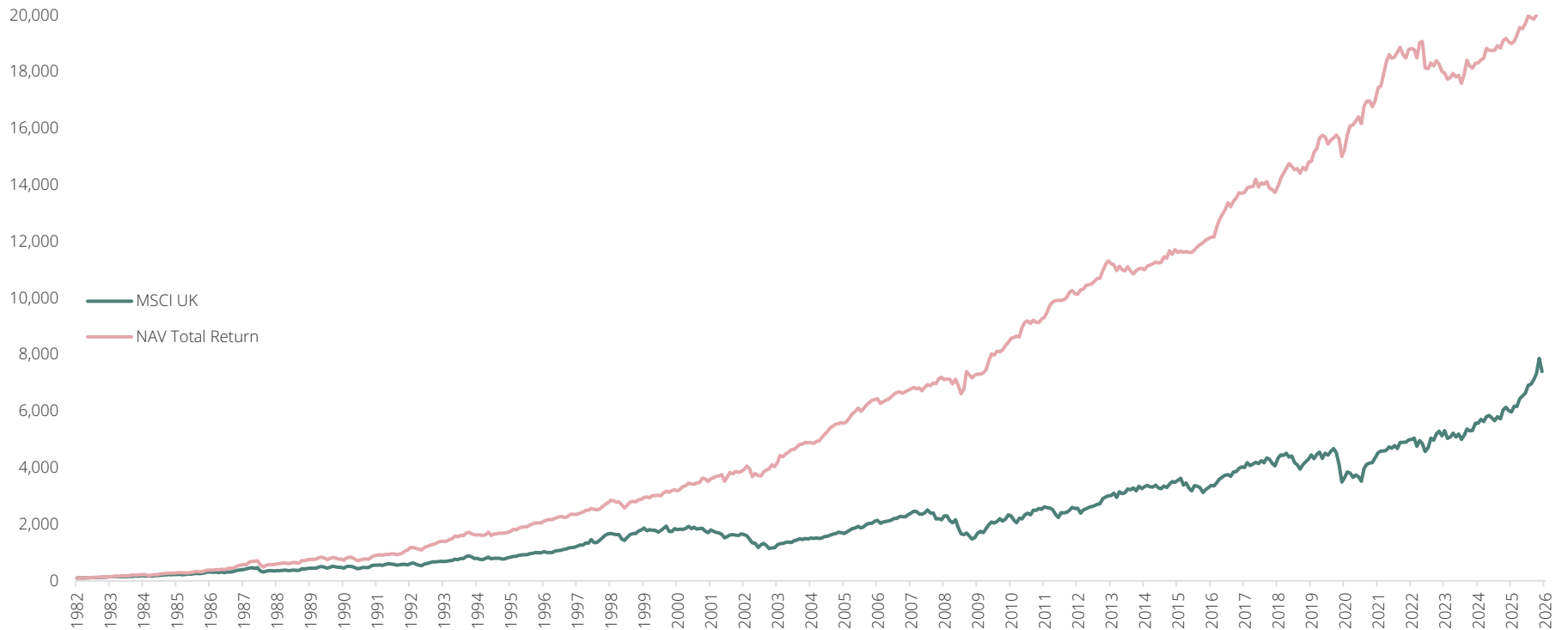


Source: Deutsche Numis Investment Companies Dataset.

Positioning and Returns

Share price appreciation from 21p to 5150p has motivated a 10-1 share split

NAV Total Return History (Rebased) Mar 1982 to Mar 2026



¹ Share price terms, assumes all dividends reinvested over the period specified
Source: Northern Trust, Morningstar

Outlook

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Our defensive positioning is underscored by the current outlook



Geopolitical tensions

Recent shocks in energy markets have increased **market volatility** and the risk of global **stagflation**



Macroeconomic imbalances

Elevated debt levels, deficit spending, and low household savings have led to **persistent inflation** and **steep yield curves**



Equity valuations

US equity valuations appear stretched against a deteriorating backdrop, increasing the risk of a correction

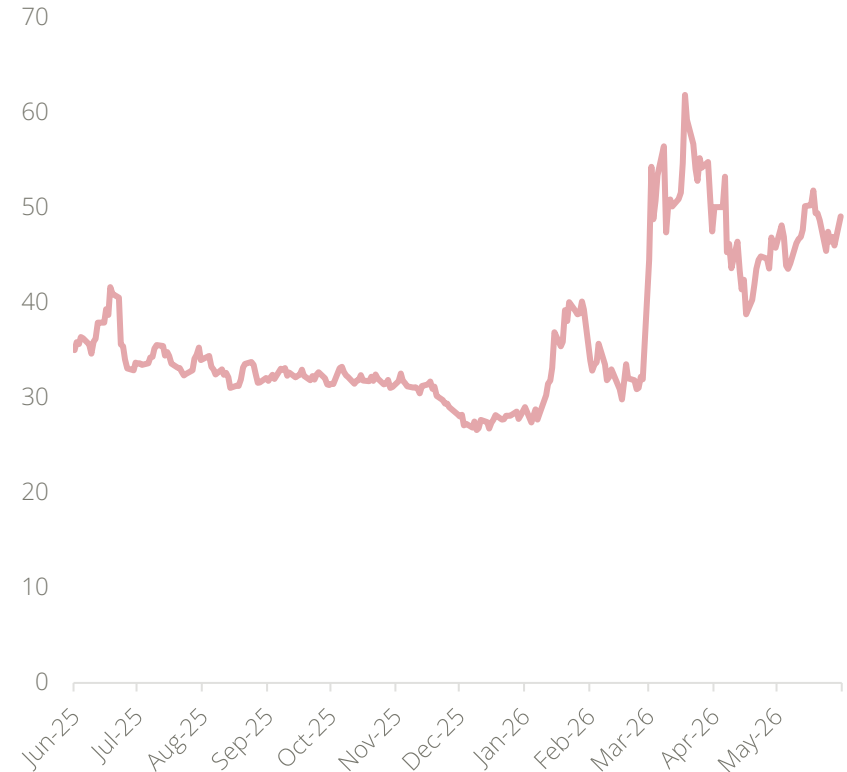
Outlook

Short-term energy costs have moved a long way in a short time

Brent Crude Price (\$/bbl, first contract)



Netherlands TTF Gas Price (EUR/MwH, first contract)

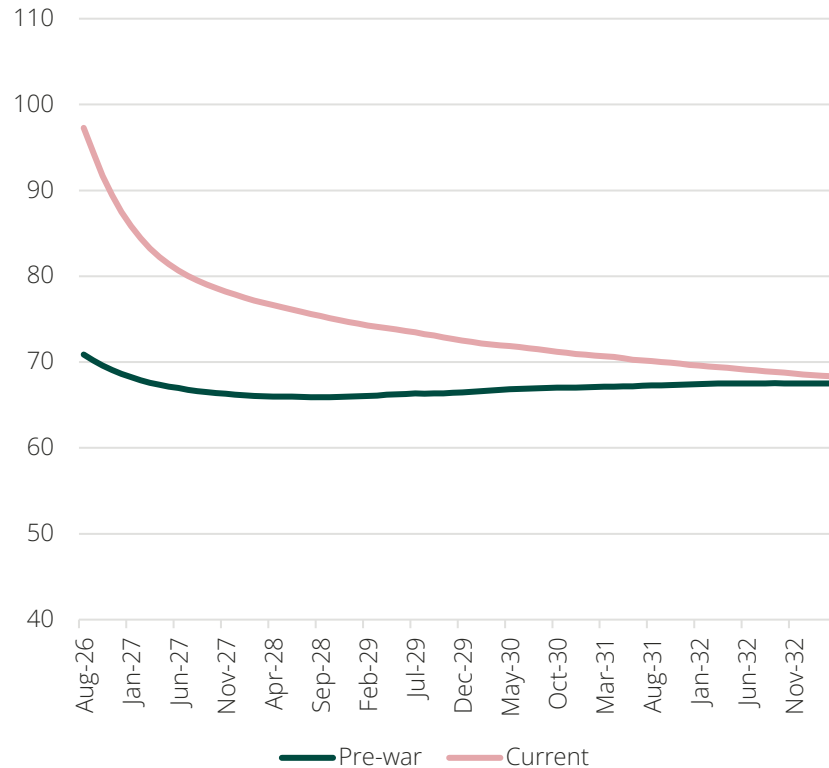


Source: Bloomberg Finance LP.

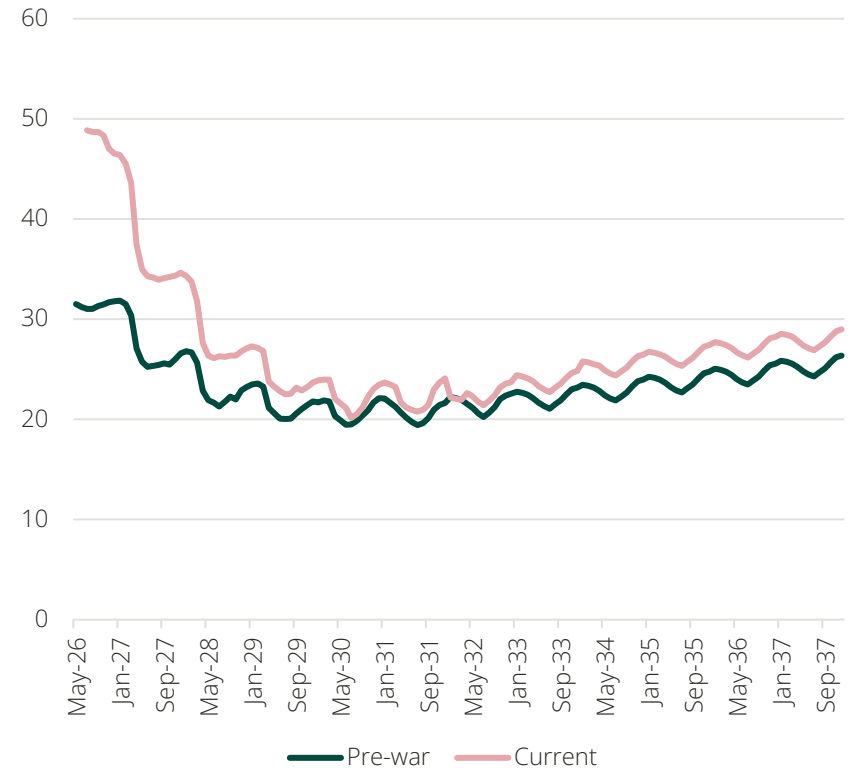
Outlook

... and futures markets predict elevated energy prices for several years

Brent Futures Curve (\$/bbl)



Netherlands TTF Gas Futures Curve (EUR/MwH)

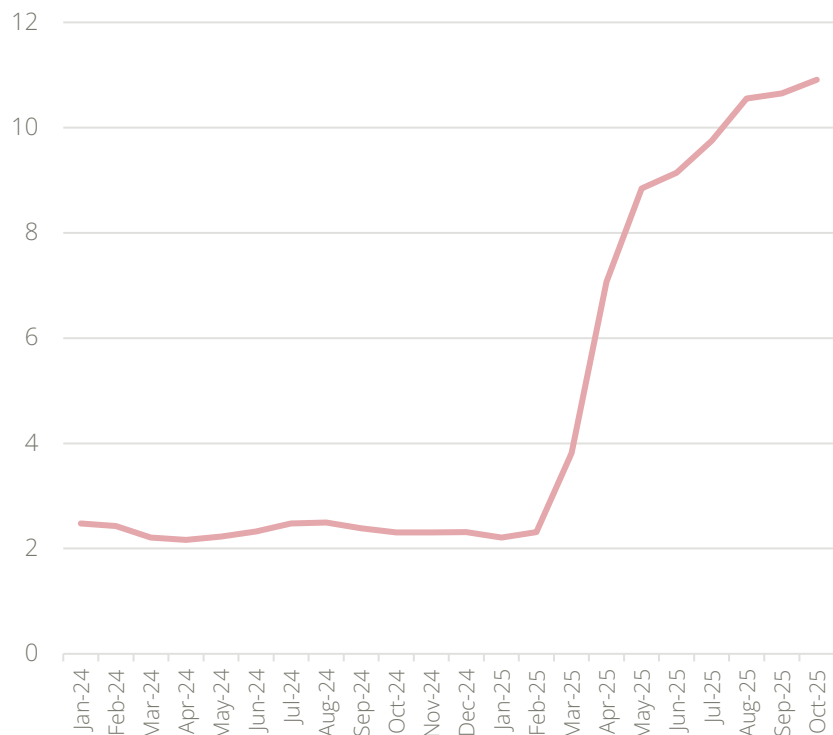


Source: Bloomberg Finance LP.

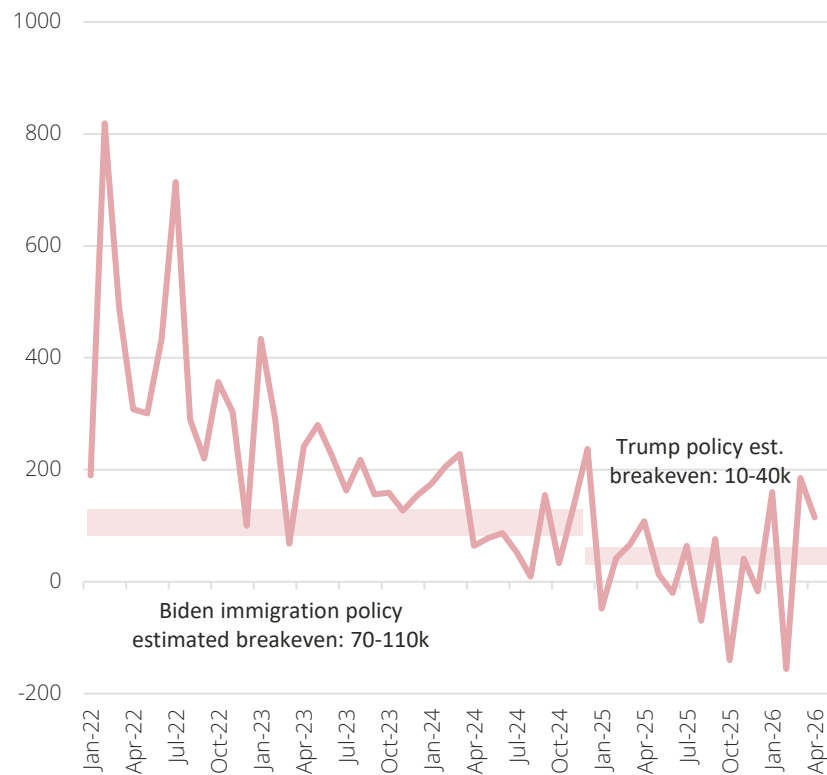
Outlook

On top of the energy shock, the US economy is still adjusting to the effects of Trumpian protectionism

US Effective Tariff Rate (%)



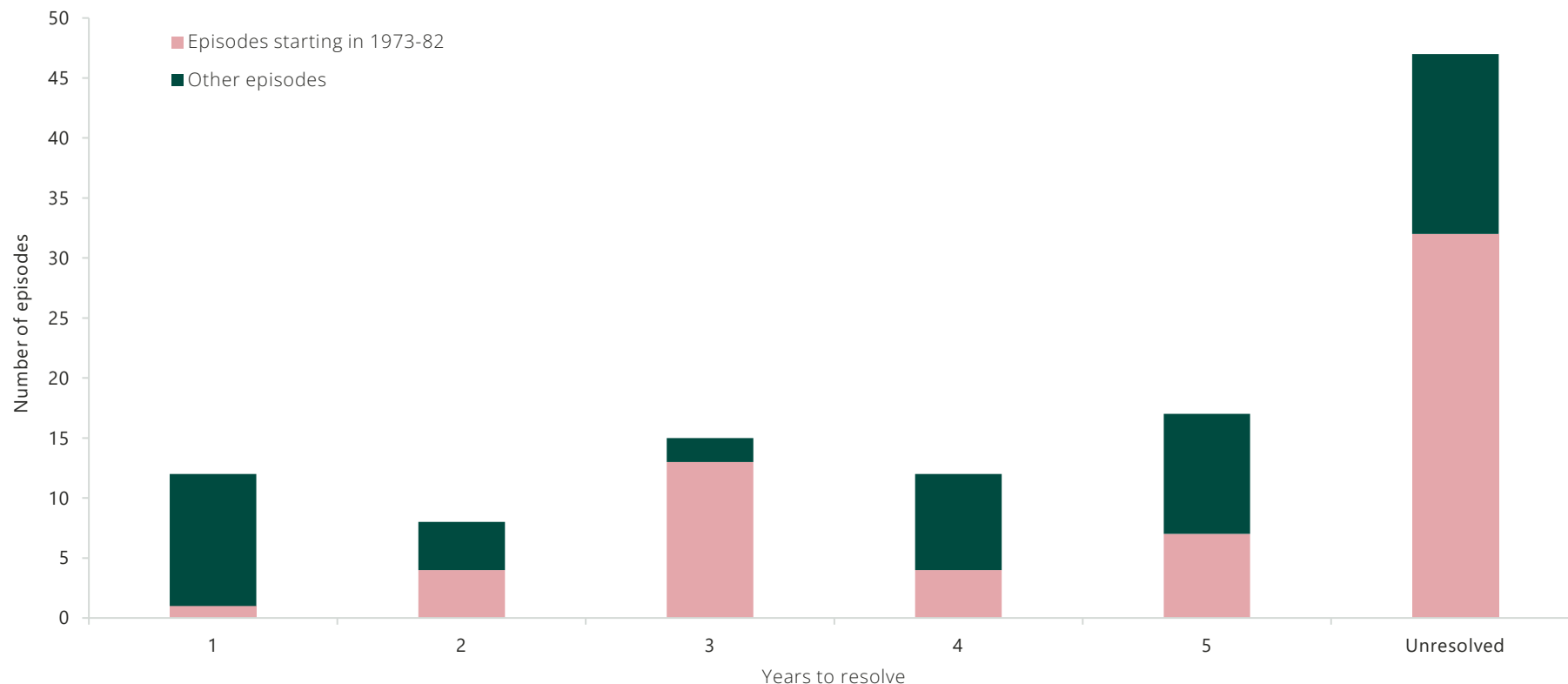
Change in Non-Farm Payrolls ('000s, monthly)



Source: Bloomberg, US Bureau of Labor Statistics

Once established, it is hard to get rid of inflation

Years until inflation declines to within 1% of its pre-shock rate

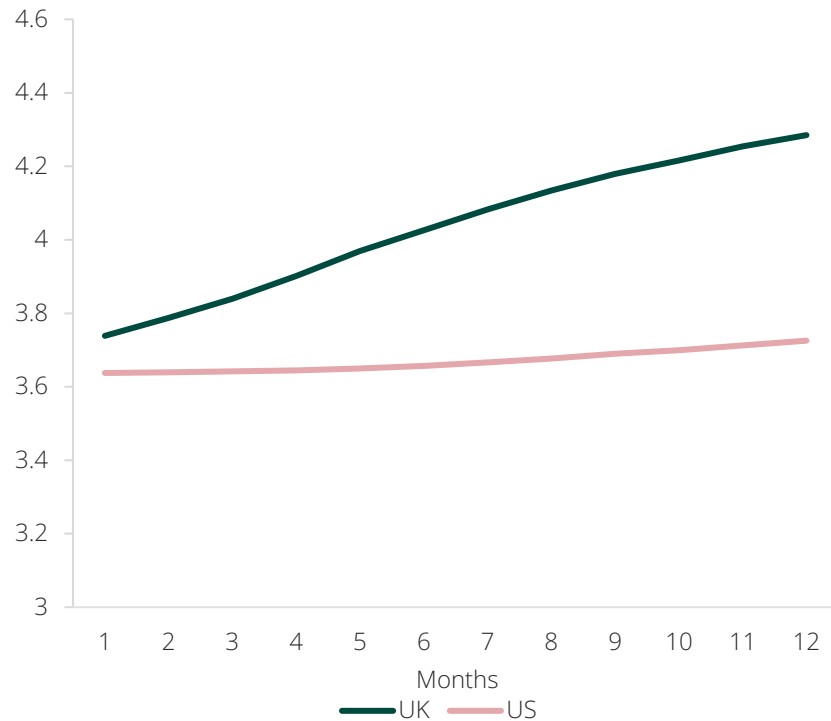


Source: *One Hundred Inflation Shocks: Seven Stylized Facts* (International Monetary Fund, 2023). An inflation shock is a country-year pair where the average annual inflation rate rises by at least two percentage points. Inflation shocks are categorised as having been 'resolved' if inflation falls to within 1 percentage point of its pre-shock rate by the end of our 5-year window.

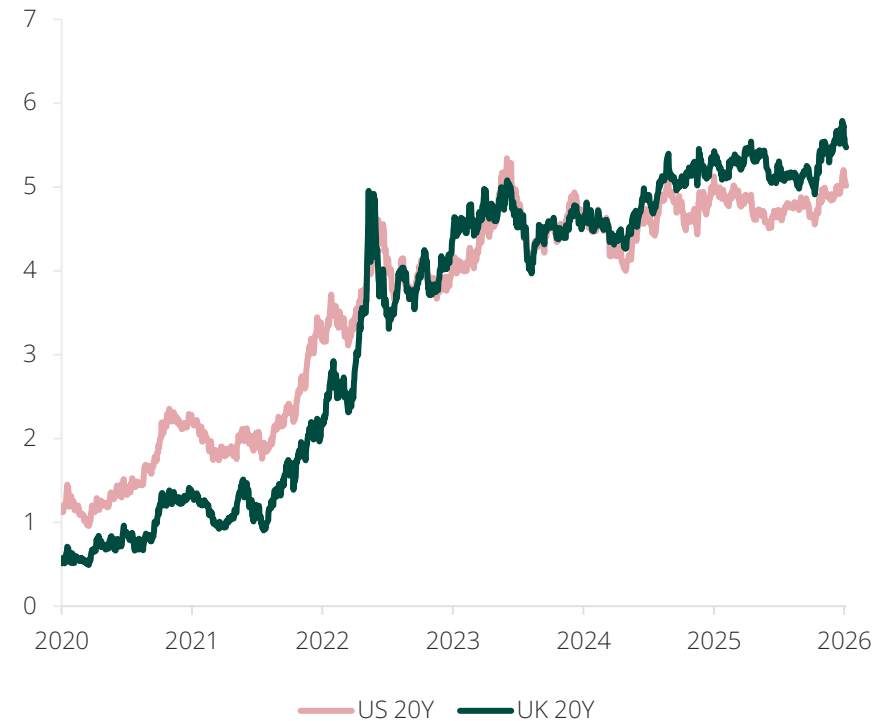
Outlook

While OIS curves have repriced, long end yields indicate skepticism that inflation – and government finances - will come under control...

US & UK market-implied central bank rates (%)



US & UK 20Y Yields (%)

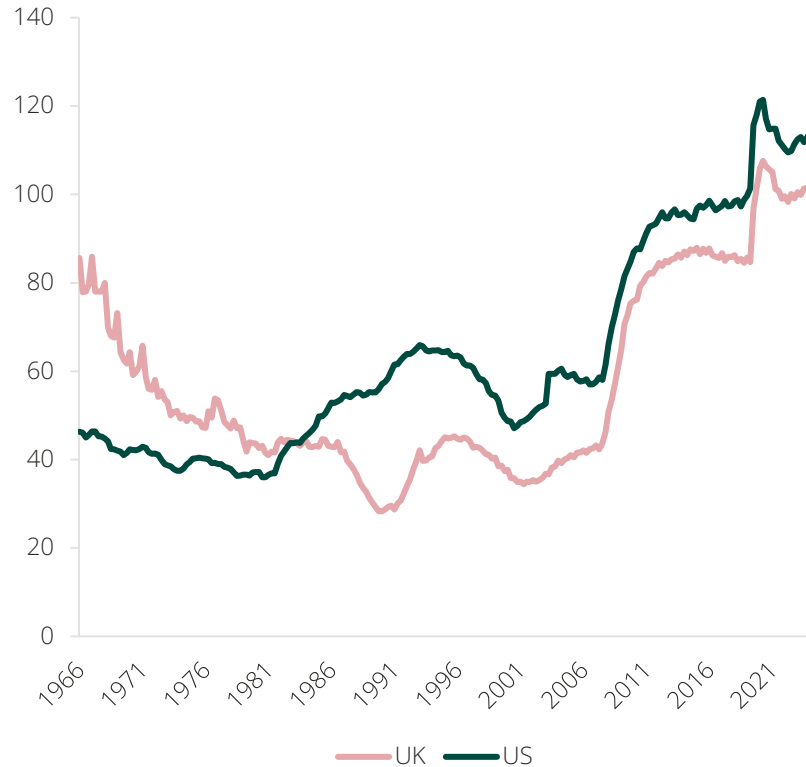


Source: Bloomberg Finance LP.

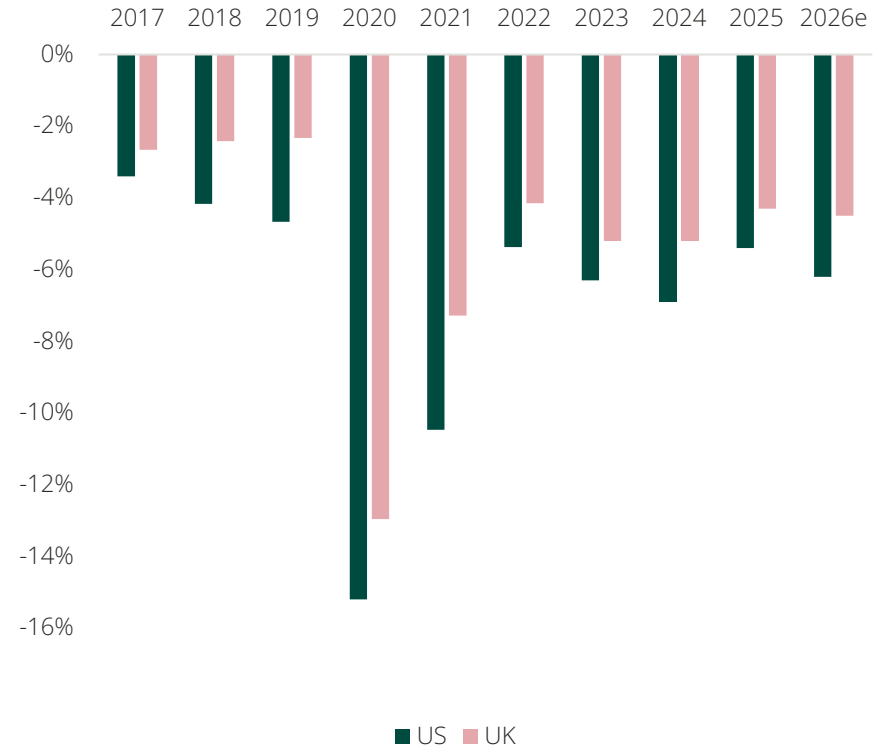
Outlook

The outlook for public finances has been problematic for some time

UK & US Government Debt (% of GDP)



UK & US Fiscal Balance (% of GDP)

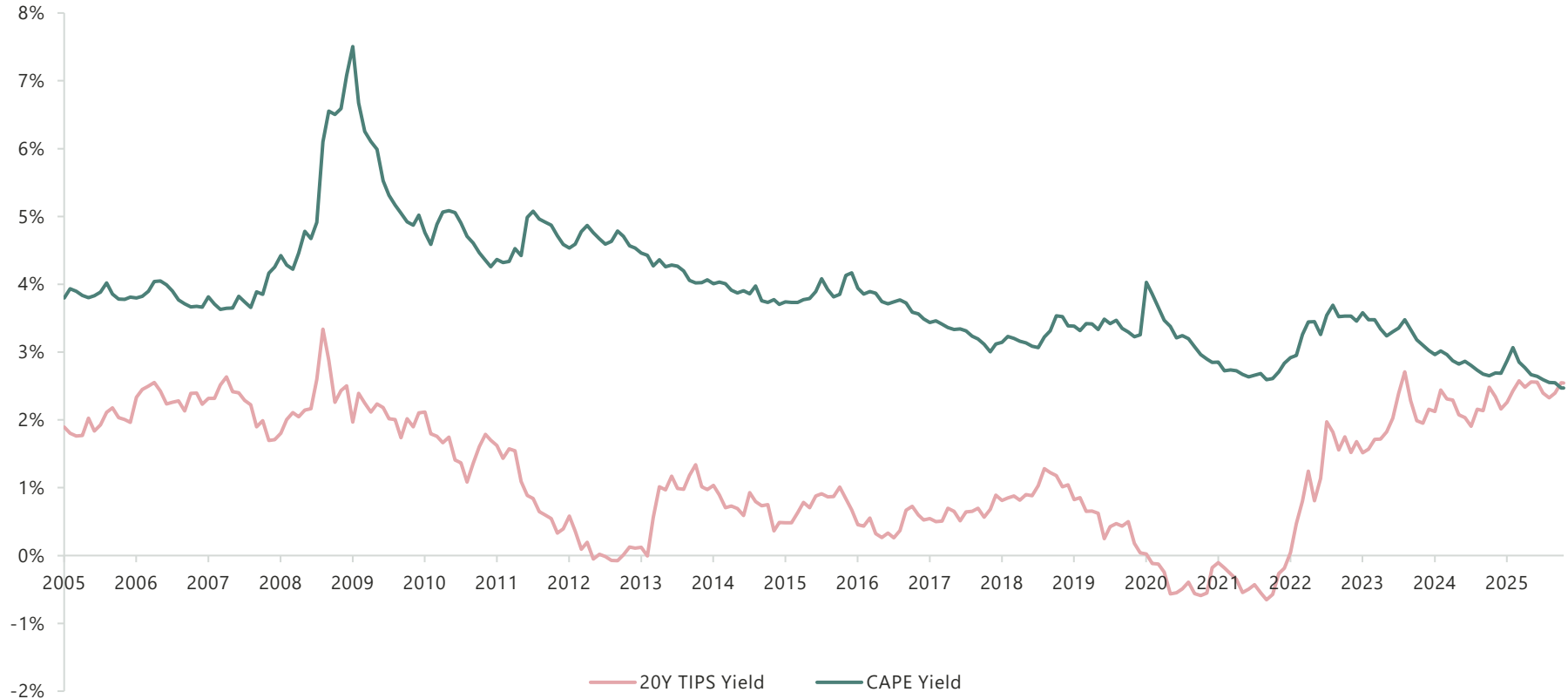


Source: Bank for International Settlements, Bloomberg Finance LP.

Outlook

While bond markets have repriced, equities remain ambivalent

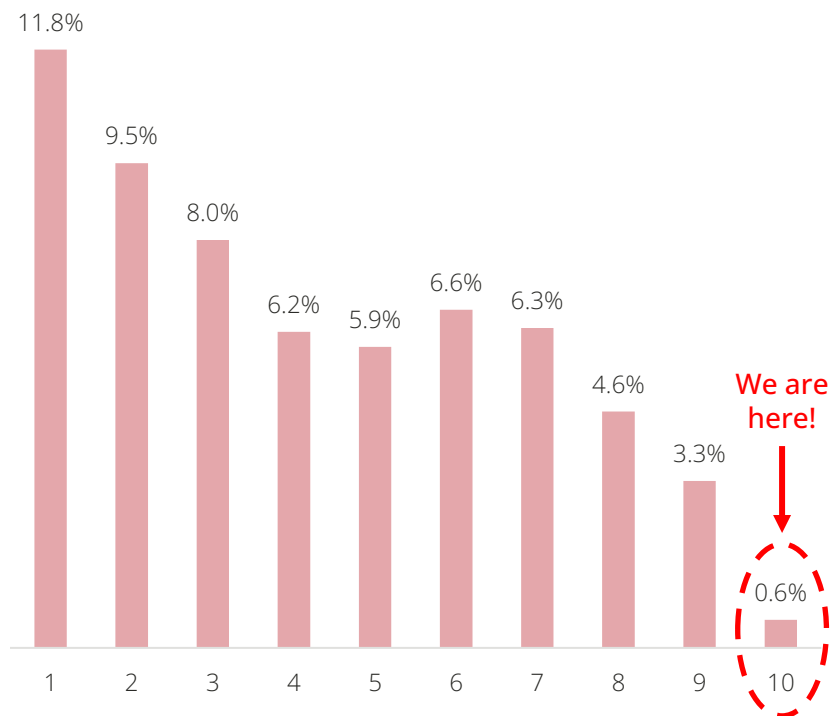
S&P 500 CAPE Yield vs. 20Y TIPS Yield



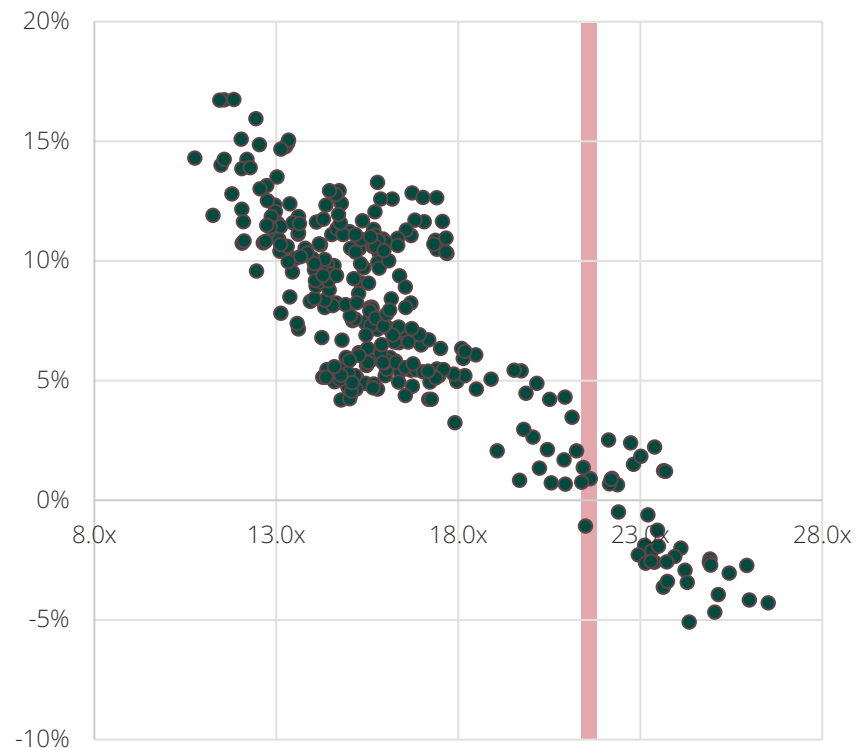
Source: Bloomberg Finance LP

Starting valuations *really* matter for prospective returns

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



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

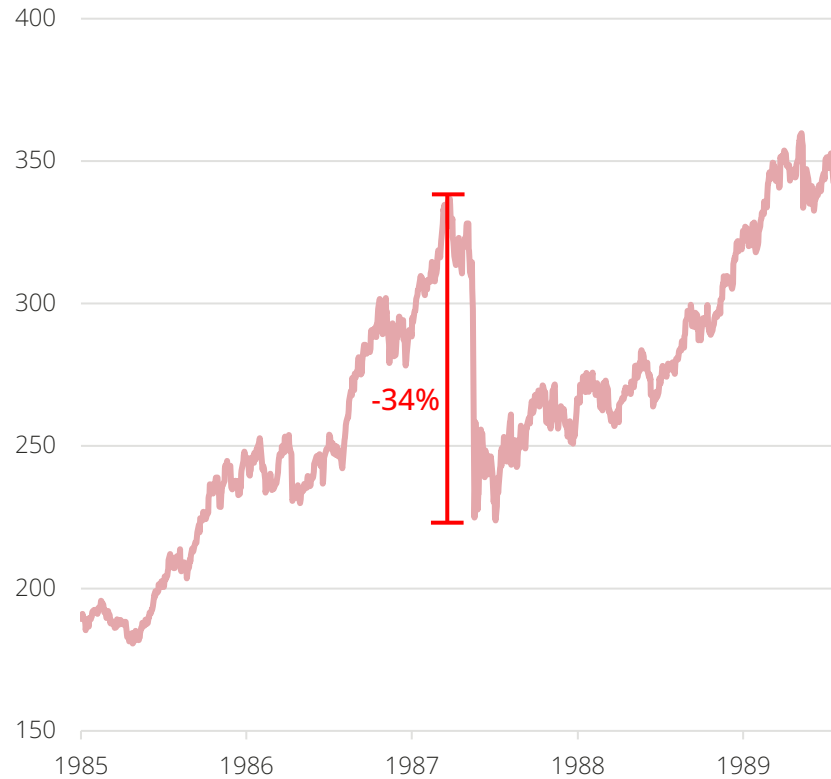


Source: Robert Shiller Online Dataset (yale.edu), CGAM Analysis (LHS chart); Bloomberg L.P. data since 1990 which is the earliest available, CGAM analysis (RHS chart).

Outlook

When equity markets correct, they can fall a long way

Level of S&P 500, 1985-1990



Level of S&P 500, 2007-2011



Source: Robert Shiller Online Dataset (yale.edu), CGAM Analysis (LHS chart); Bloomberg L.P. data since 1990 which is the earliest available, CGAM analysis (RHS chart).

Positioning remains defensive with a focus on inflation protection



Geopolitical tensions

Recent shocks in energy markets have increased **market volatility** and the risk of global **stagflation**



Ample **managed liquidity reserve**.



Macroeconomic imbalances

Elevated debt levels, deficit spending, and low household savings have led to **persistent inflation** and **steep yield curves**



Emphasis on **short-duration inflation-linked bonds**.



Equity valuations

US equity valuations appear stretched against a deteriorating backdrop, increasing the risk of a correction



Constrained allocation to **risk assets**.

Appendix

Overview

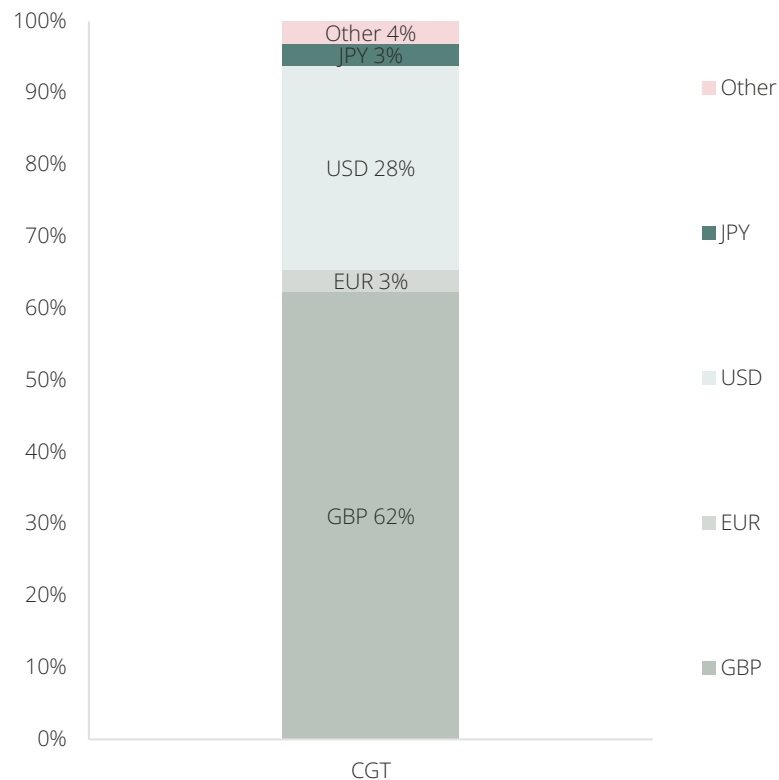
Funds Summary

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	£817m	Listed	0.41% ³	0.58%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£590m	Daily	0.35%	0.50%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£208m	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% ⁴	0.45%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£376m	Daily	0.25% / 0.15% ⁵	0.40%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£30m	Daily	0.15%	0.27%

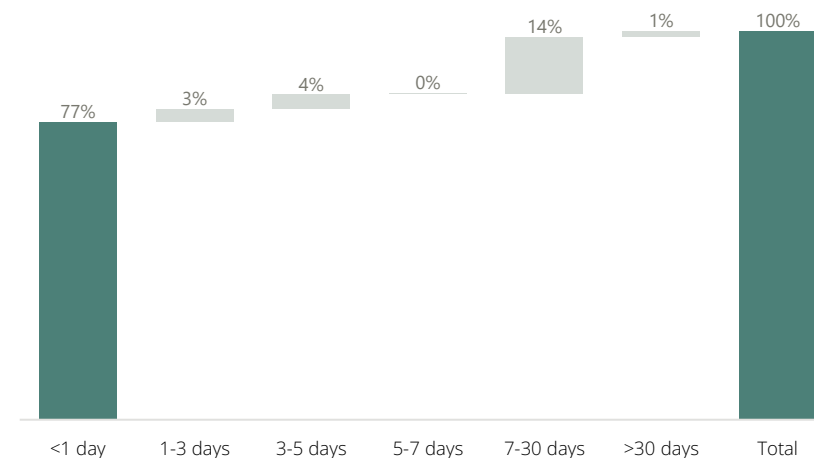
¹ Peter Spiller began managing Capital Gearing Trust in 1982; ² Capital Gearing Trust is an Investment Trust listed on the London Stock Exchange, all other funds are Open Ended UCITS domiciled in Dublin; ³ Tiered fee structure, marginal rate is 0.3% above £500m; ⁴ 0.3% below £500m, 0.2% above; ⁵ 0.25% below £1bn, 0.15% above; ⁶ As of 31st May 2026

Duration, currency and liquidity are actively managed

Currency Exposure¹



Time to Liquidation (days)²



Duration and Yield³

	Weight	Duration (Yrs)	Yield (%)	Rating ⁴
Cash & Nominal Govt Bonds	19%	0.9	4.1	A+
UK I/L Bonds	19%	5.3	0.6 (real - RPI)	AA
US I/L Bonds	25%	4.6	0.8 (real - CPI)	AA
Corp. Bonds	13%	2.7	5.4	A/A-
Risk Assets (HY Credit)	<1%	0.9	7.9	B/B-
Risk Assets (Div Yield Equity)	23%	n.a.	5.2	n.a.
CGT	100%	3.5		

1. Currency exposure is estimated using Bloomberg.

2. Assumes 25% average daily volume participation rate, % rounded to the nearest whole number

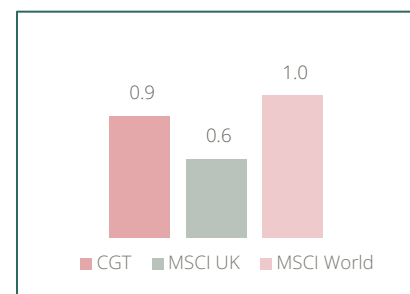
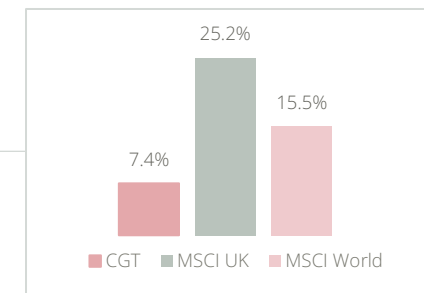
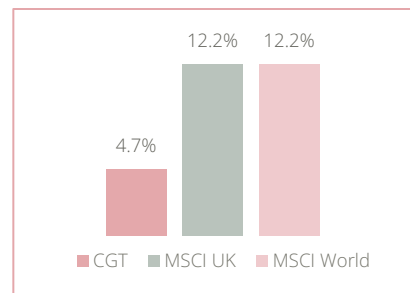
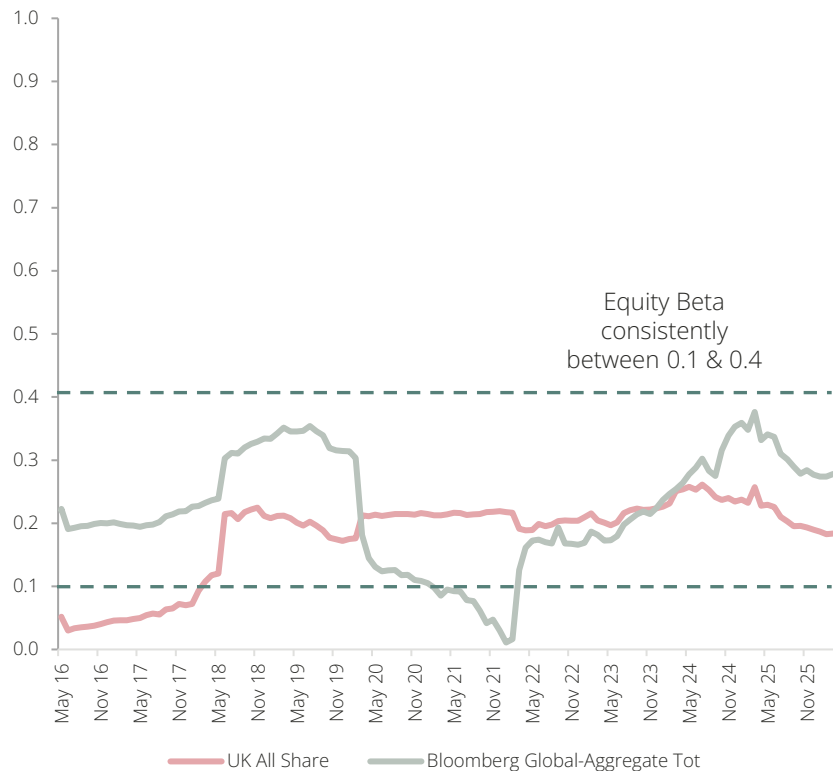
3. Duration refers to Option Adjusted Duration, Yield refers to the nominal yield, real yield is shown for inflation-linked bonds. We display the 6-month UK Treasury Bill yield as a conservative representation of the yield of our Cash & Tbills bucket

4. Ratings are sourced from Bloomberg and Moody's.

Positioning and Returns

Returns have come with low volatility, and low correlation to equity & bond markets, and excellent risk adjusted performance

Sharpe Ratio & Volatility (%) vs. Major Indices

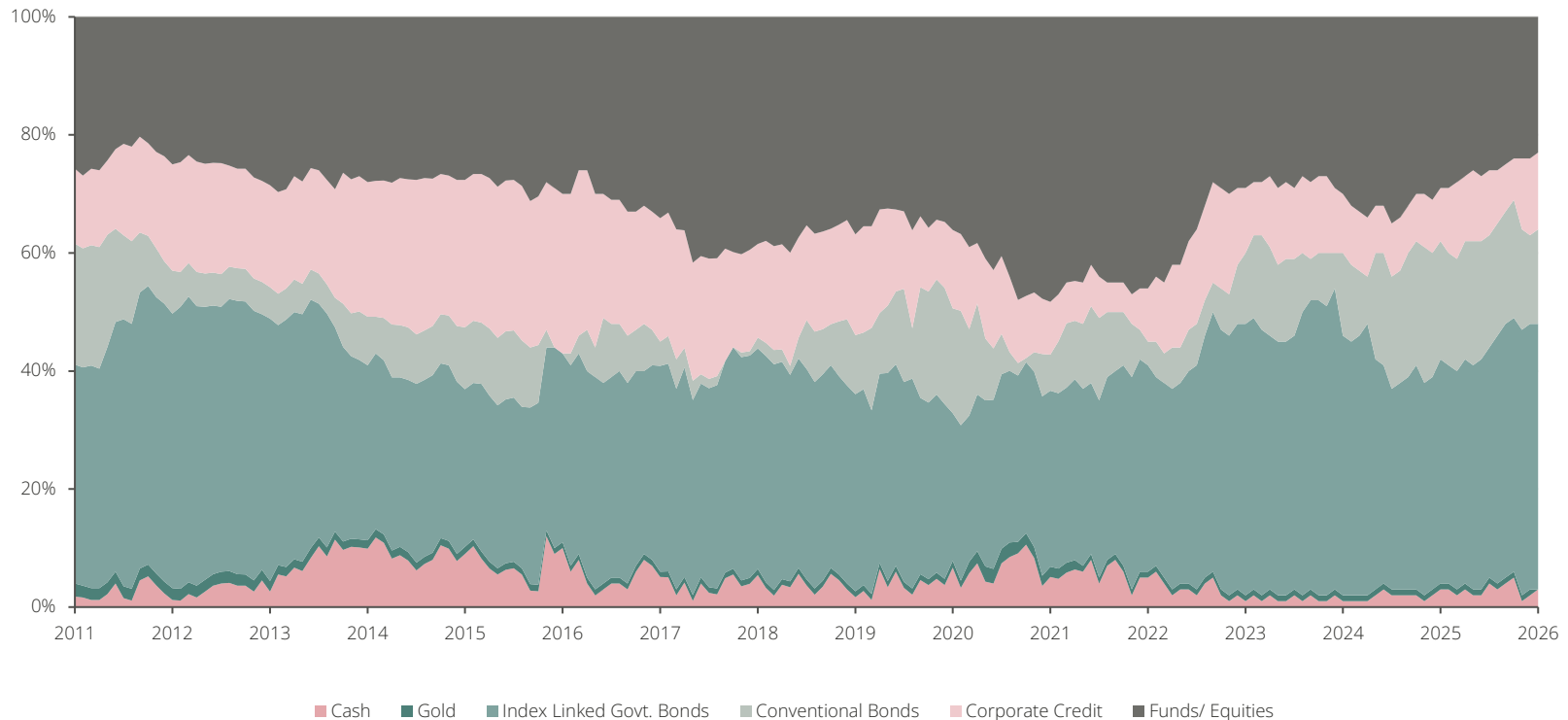


For comparability, the start period is taken from inception of the CG Absolute Return Fund.
Source: Bloomberg Finance L.P, risk statistics per Bloomberg standard definitions.

Positioning and Returns

Changes to asset allocation tend to be modest over the short term but can be fundamental over the long term

CGT Asset Allocation – 2011 to 2026



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

Top Equity and Bond Holdings

Top 10 Equity Holdings

Asset	Weight
Vanguard FTSE 100 ETF	2.8%
North Atlantic Small Companies	2.2%
UBS MSCI World ETF	1.9%
JPMorgan Japan ETF	1.7%
HICL Infrastructure	1.5%
International Public Partnership	1.3%
3I Infrastructure	1.0%
Sequoia Economic Infrastructure	0.8%
BH Macro	0.8%
TR Property Investment Trust	0.6%
	<hr/>
	14.5%

Top 10 Bond Holdings

Asset	Weight
UKTI 0.125% 10/08/31	7.6%
JGB 0.60% 01/01/27	5.1%
UKTI 0.75% 22/11/33	4.0%
US I/L 0.125% 15/07/31	3.5%
US I/L 0.125% 15/01/32	3.4%
US I/L 0.125% 15/01/31	3.1%
US I/L 1.75% 15/01/34	3.0%
UKTI 1.25% 22/11/32	2.8%
US I/L 1.375% 15/07/33	2.6%
US I/L 0.375% 15/01/27	2.6%
	<hr/>
	37.7%

Source: CGAM, Northern Trust.

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