

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 left, with its head turned towards the camera. The goat on the right is standing slightly lower and further back, also facing left. The rock face is composed of dark, horizontal layers, creating a textured background. The overall mood is rugged and adventurous.

CG Asset Management

CG UK Index-Linked Bond Fund

September 2026

cgam

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CG UK Index-Linked Bond Fund

Overview



CG UK Index-Linked Bond Fund Overview

Investment Objective



- To achieve **long-term capital appreciation and income growth** via long-only investment in UK government index-linked bonds
- Simple low-cost approach, no gearing, no short selling
- The fund is actively managed, without reference to a benchmark

Fees and Structure



- Size: **£26m** (launched in October 2023)
- Management Fee: **0.15%** | Total Expense Ratio: 0.27%
- Daily priced Irish UCITS

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
- A focus on GBP-denominated returns

CG Asset Management Overview

2001

Founded

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

£2.1bn

AUM

£2.1bn 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

301x

Return

Capital Gearing Trust ("CGT") has returned 301x since 1982, with only two down years

2

Down Years

Low-cost offering, with fee reductions regularly reviewed

CGAM in partnership with our clients

What makes us different?

The firm's founding principles



What does that mean for our clients?

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 ⁶	Dealing Frequency ²	AMC Fee	TER
Absolute Return Long only investments in a portfolio of bonds, equities and commodities	Capital Gearing Trust	GB00BT66KP92	1982 ¹	£815m	Listed	0.41% ³	0.58%
	CG Absolute Return (EUR Hedged, USD Hedged available)	IE00BYQ69B30	2016	£577m	Daily	0.35%	0.50%
	Capital Gearing Portfolio (P,V shares)	IE00BG5Q6F12	2001	£204m	Daily	0.75%	0.90%
Real Return Long only investments in inflation-linked bonds	CG Real Return Fund (GBP Hedged available)	IE0034304117	2004	£163m	Daily	0.30% / 0.20% ⁴	0.45%
	CG Dollar Fund (GBP Hedged, EUR Hedged and USD Unhedged available)	IE00B41GP767	2009	£359m	Daily	0.25% / 0.15% ⁵	0.40%
	CG UK Index-Linked Bond Fund	IE000ZSVG218	2023	£26m	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 August 2026

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

Data Engineer



Finn

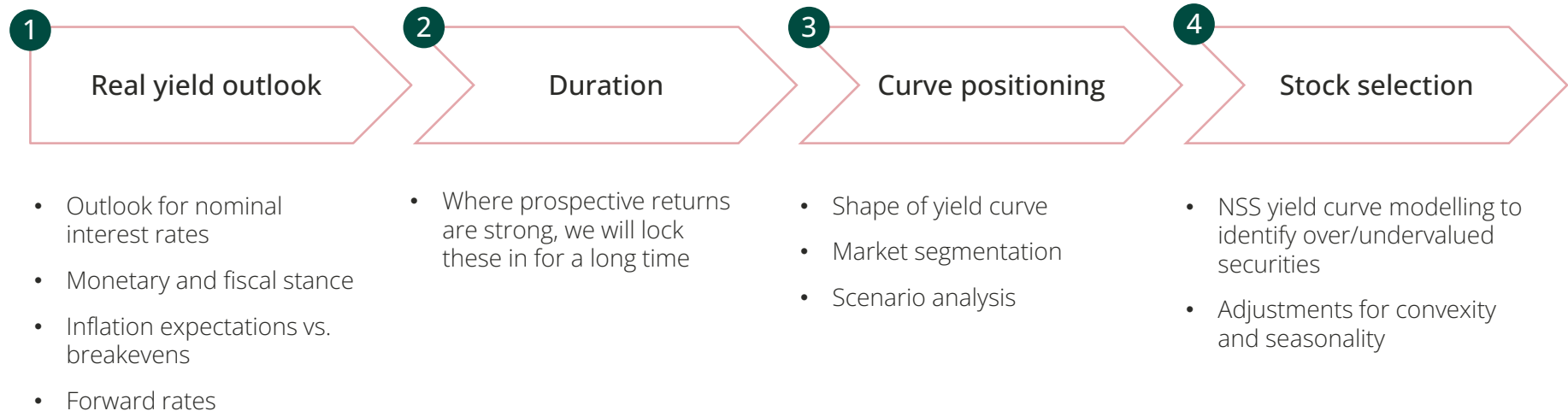
Chief Morale Officer

Investment Process

CG UK Index-Linked Bond Fund

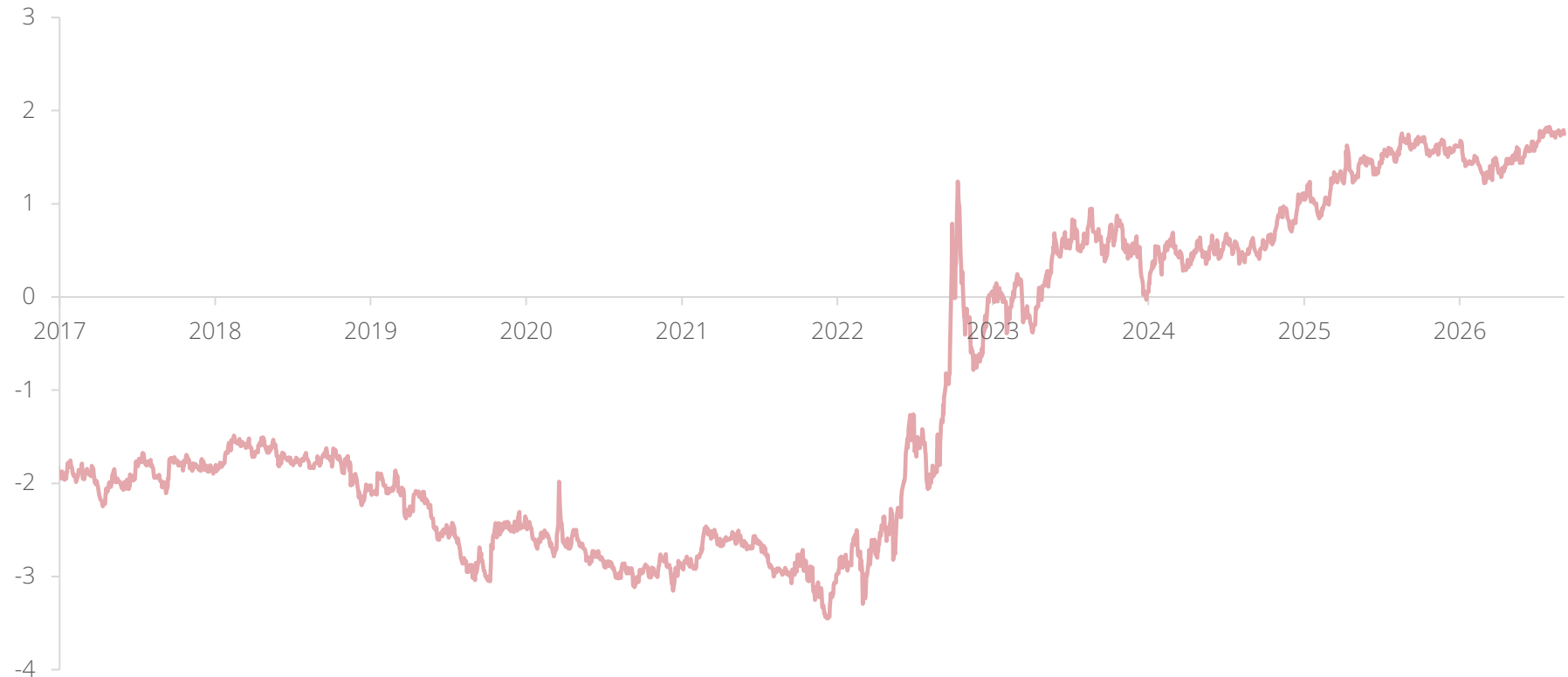


The CG UK Index-Linked Bond Fund's positioning is decided via a top-down process



Inflation-linked gilts have gone from being uninvestable to good value

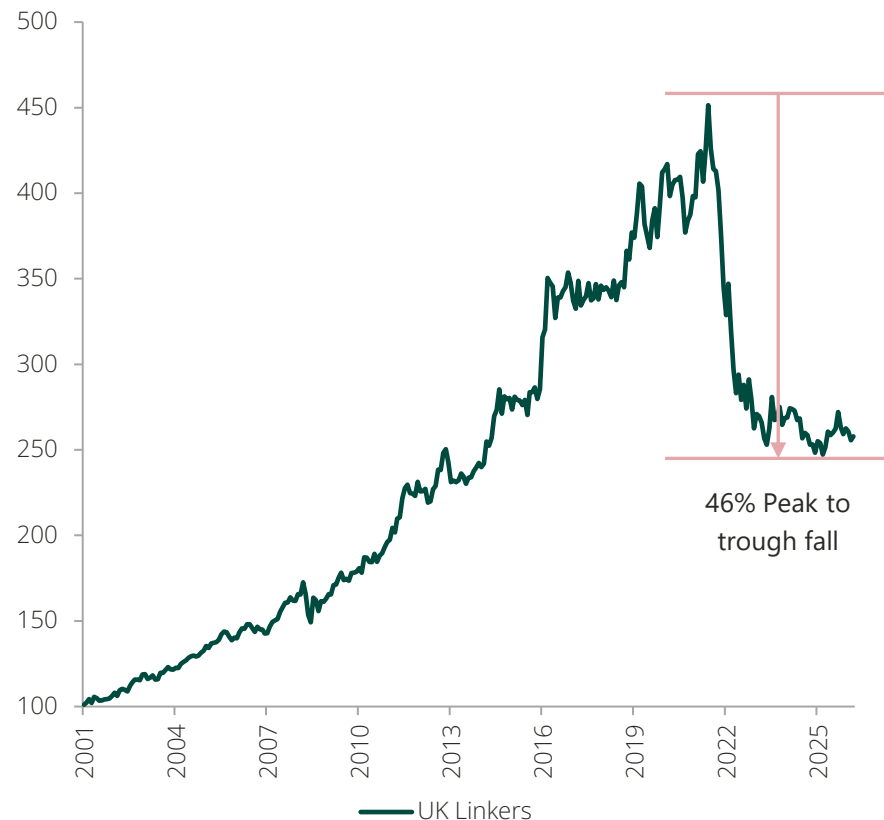
UK 10 Year Real Yield (%)



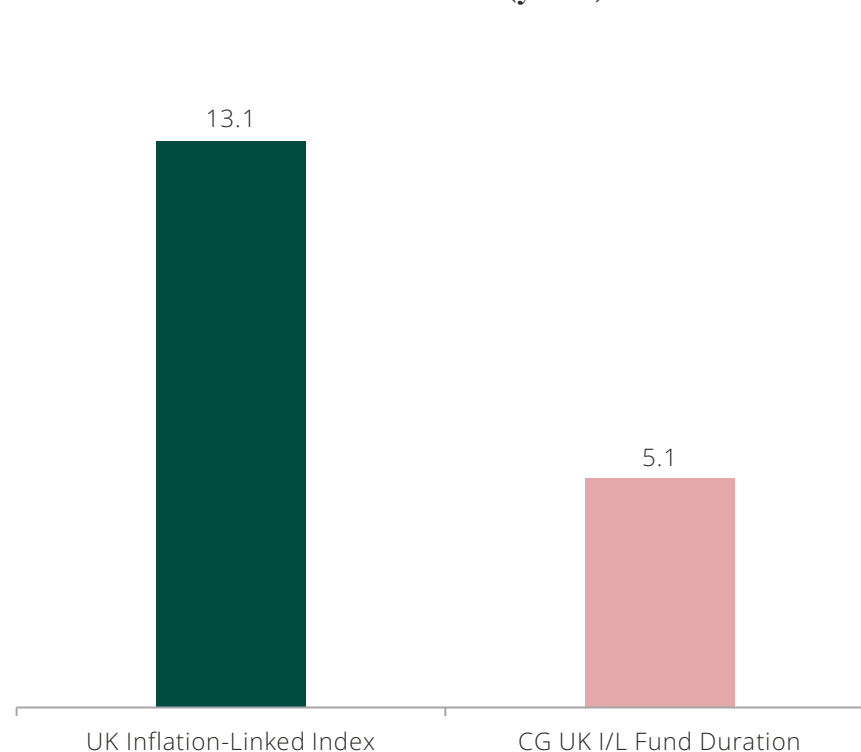
Source: Bloomberg Finance L.P.

The long duration of the index has created large drawdowns which are inappropriate for private investors. The CG fund is a much shorter duration alternative

UK Inflation-Linked total return index¹⁾



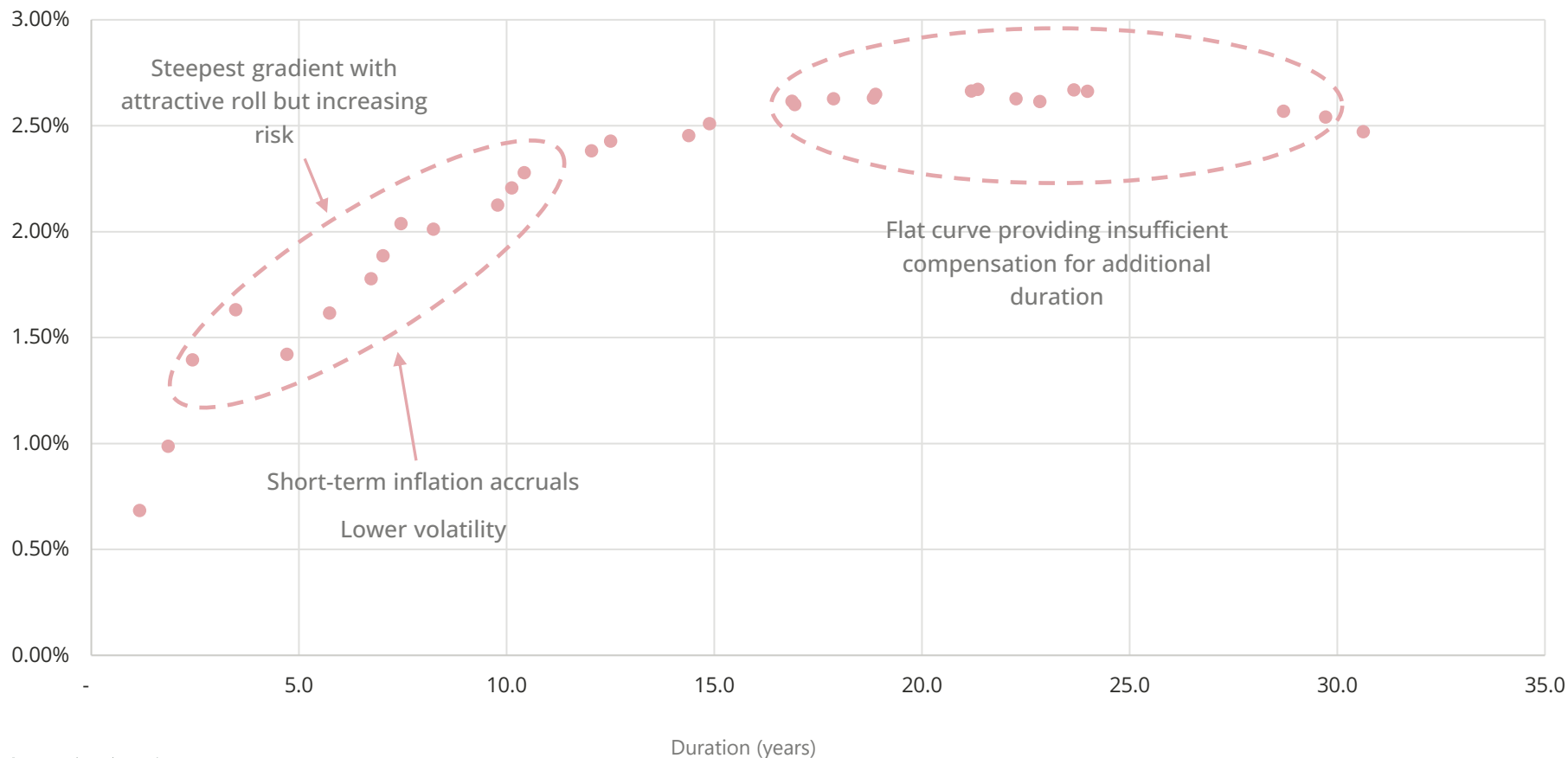
UK Inflation-Linked Index duration (years)



1. UK Index-Linked Index refers to Bloomberg UK Govt Inflation-Linked All Maturities Total Return Index
Source: Bloomberg Finance L.P.

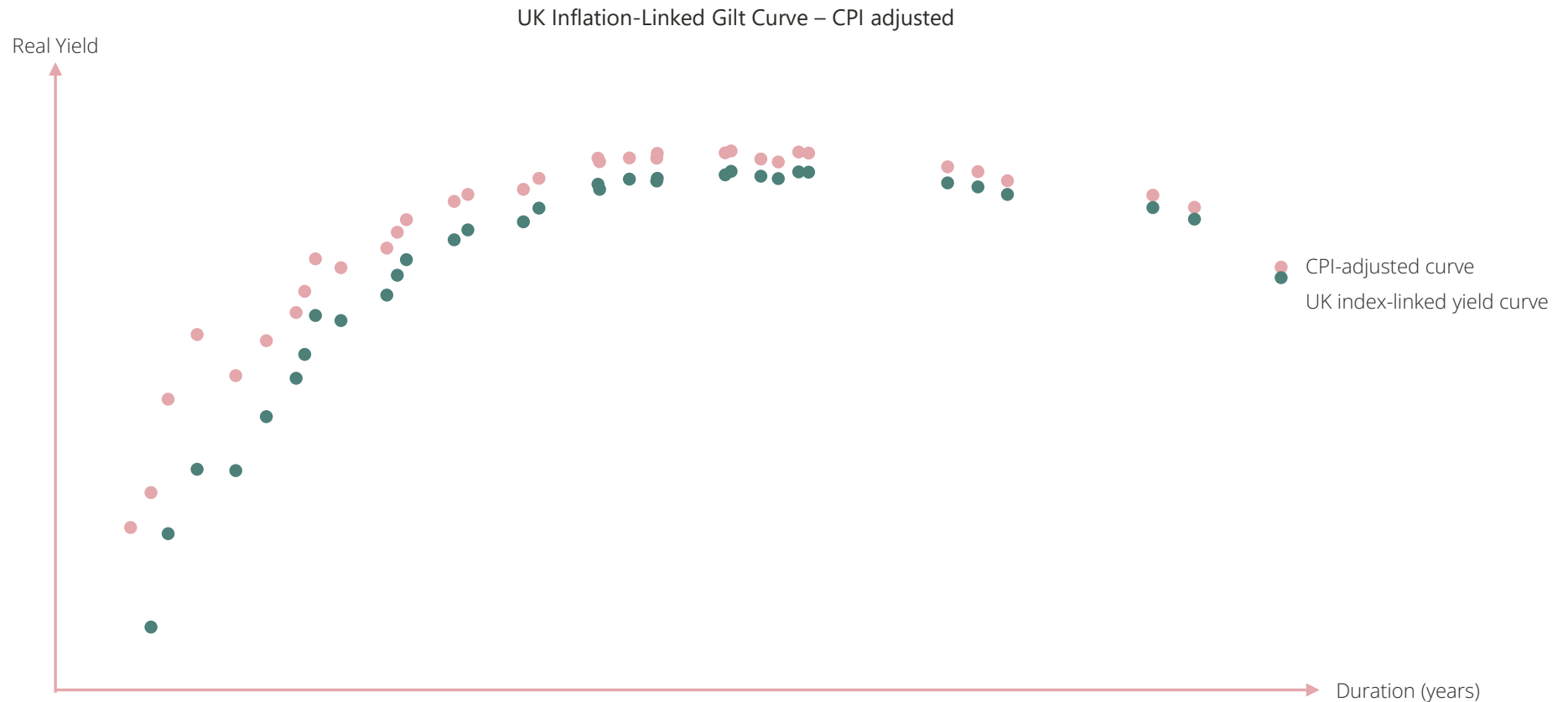
Our curve positioning, emphasising the belly, reflects steepness of the yield curve and concerns over a bear steepening at long end arising from fiscal pressures

CPI-adjusted UK index-linked yield curve



Source: Bloomberg Finance L.P.

We then adjust our expected yields for the RPI / CPI wedge



We use a Nelson Siegel Svensson formula to identify individual under and overpriced bonds

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

CG UK Index-Linked Bond Fund

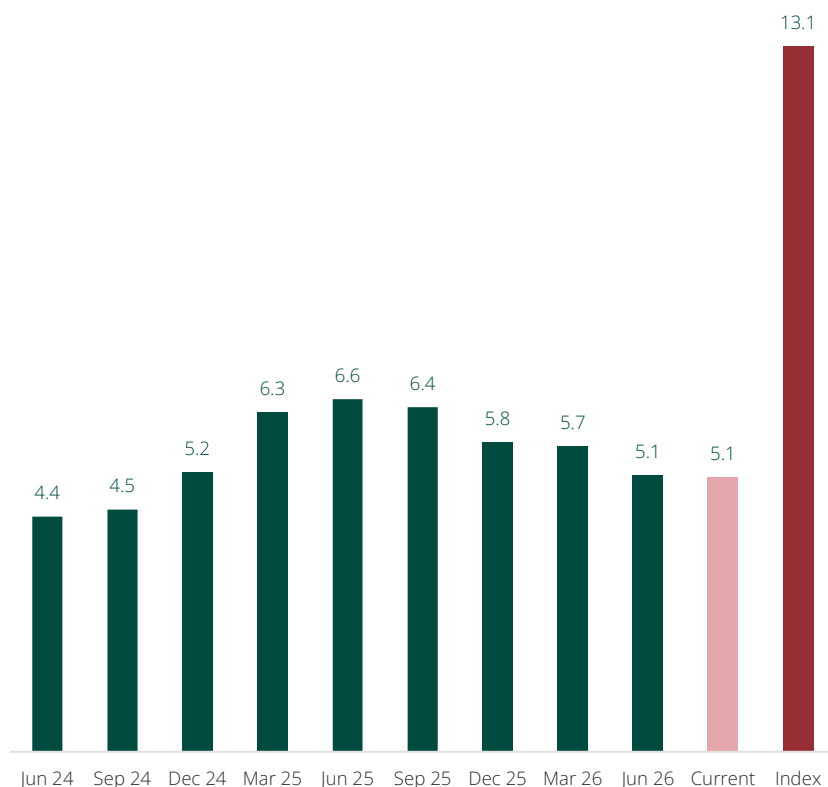
Positioning and Returns



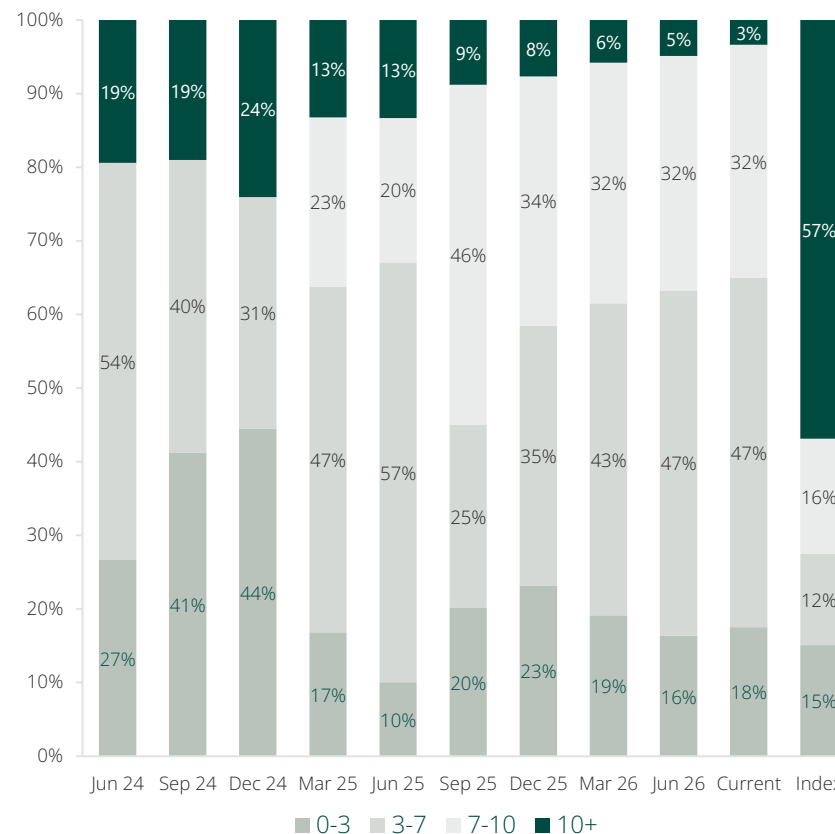
CG UK Index-Linked Bond Fund

The CG UK Index-Linked Bond Fund has duration shorter than the index and its holdings are weighted to the front end of the UK inflation-linked curve

Portfolio Duration (Years)



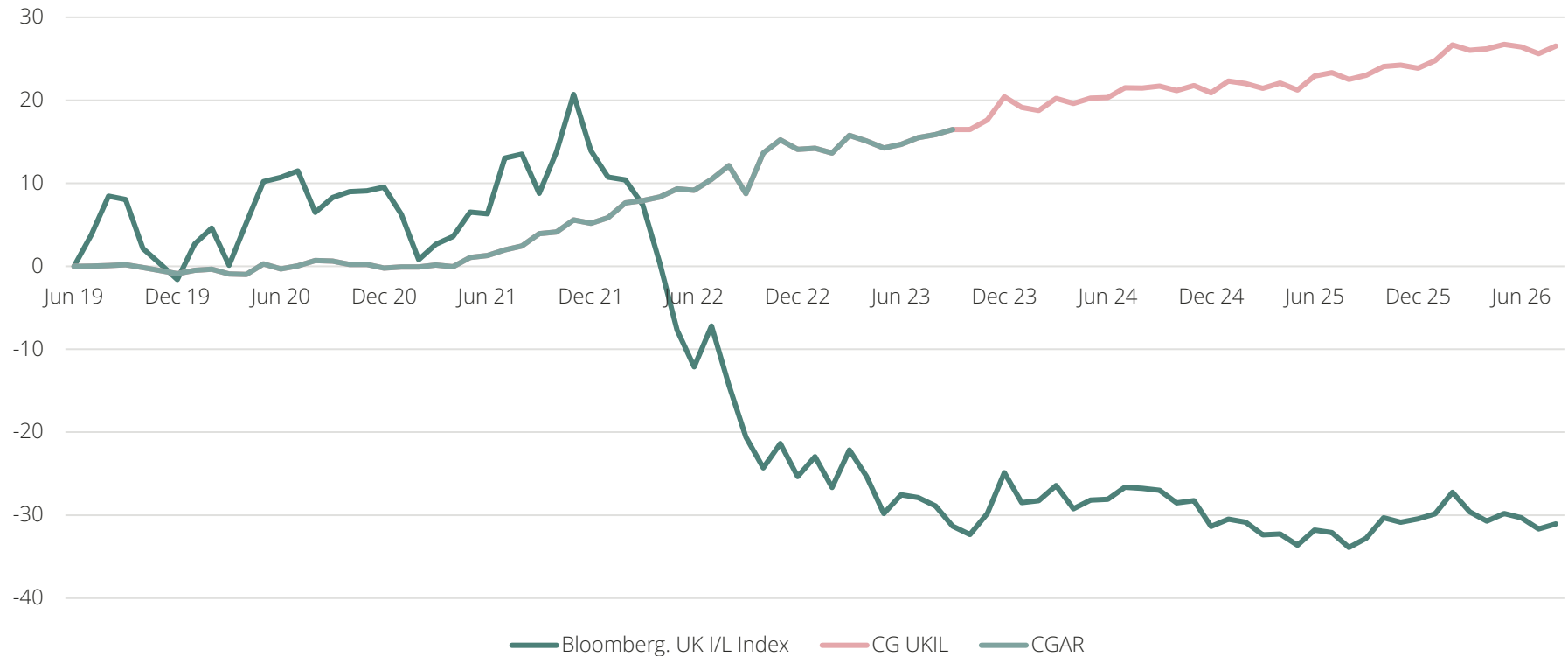
Portfolio Curve Positioning – By Maturity Bucket (Years)



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

The CG UK Index Linked Bond Fund has outperformed its benchmark since inception

Performance since inception



Source: Bloomberg LP, Northern Trust.

Breakdown of holdings

Largest Bond Holdings		Credit ratings		Characteristics	
UKTI 0.125% 10/08/31	27.9%	AAA	0%	Number of bonds	11
UKTI 0.75% 22/11/33	19.5%	AA	100%	Yield to maturity (real)	1.1%
UKTI 4.125% 22/07/30	12.6%	A	0%	Average maturity	5.3 Yrs
UKTI 1.25% 22/11/27	11.9%	BBB	0%	Average coupon (real)	0.9%
UKTI 1.25% 22/11/32	6.9%	BB and below	0%	Composite rating	AA

Source: CGAM, Northern Trust

Why inflation-linked?

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



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.

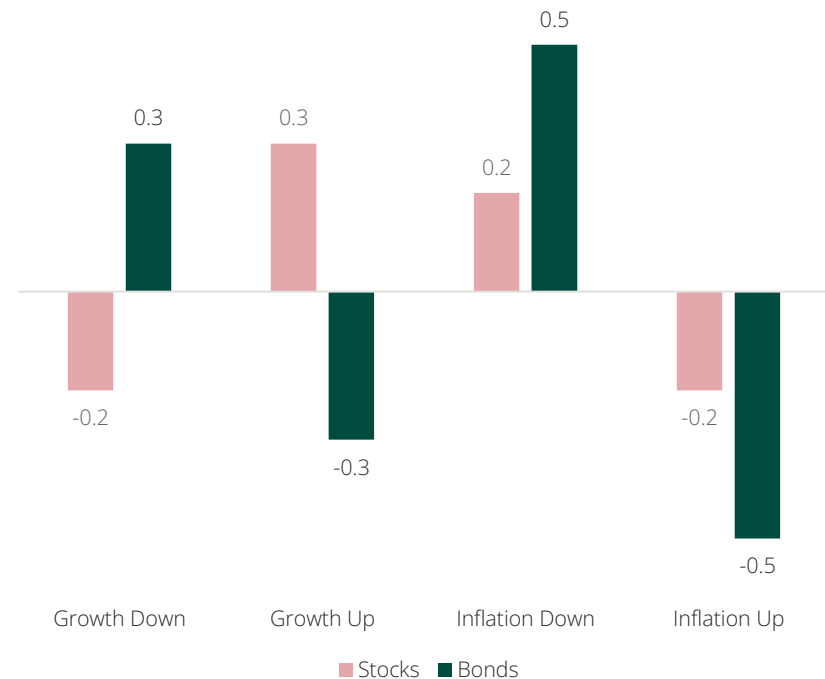
Inflation-linked bonds perform well when equities do not

The negative stock-bond correlation breaks down in times of high inflation. Inflation-linked are a more reliable hedge.

Protection against financial repression

Only asset that we believe is likely to deliver protection.

Sharpe Ratio Differentials by Macroeconomic Environment (1972 – 2022)

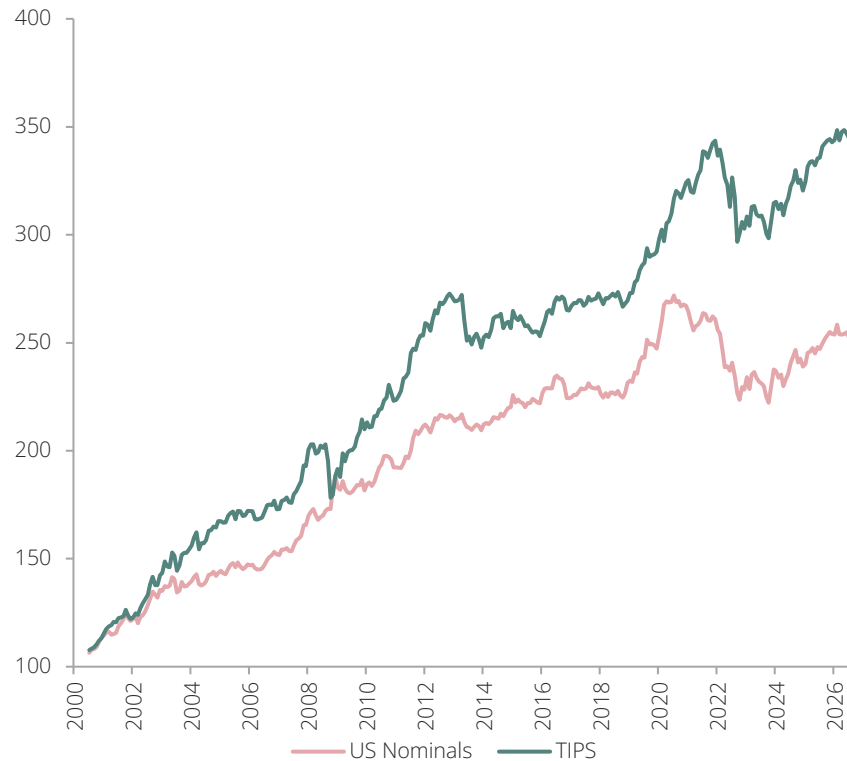


Source: *Journal of Portfolio Management* 49:4 March 2023.

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)



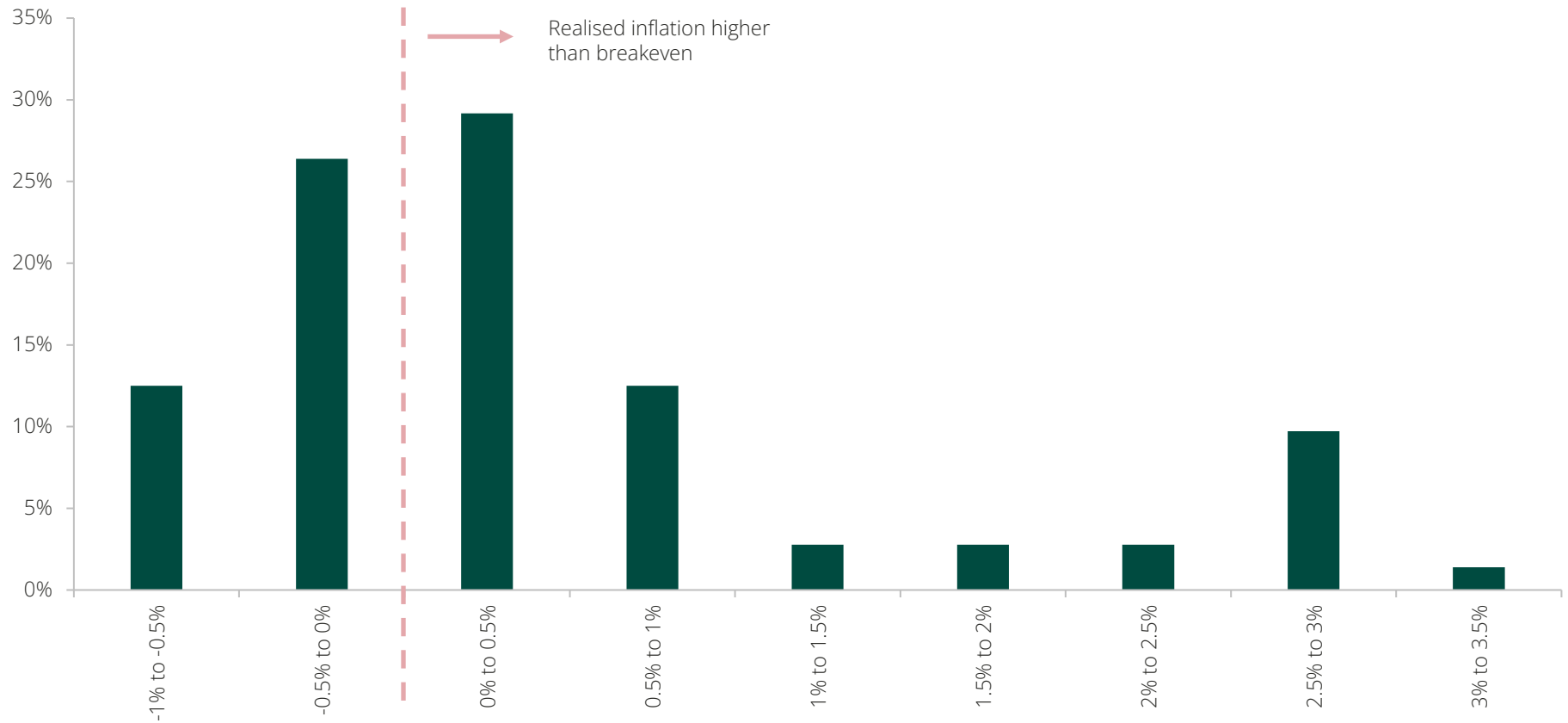
Source: Bloomberg Finance L.P.

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?

Realised inflation has been higher than market-implied expectations

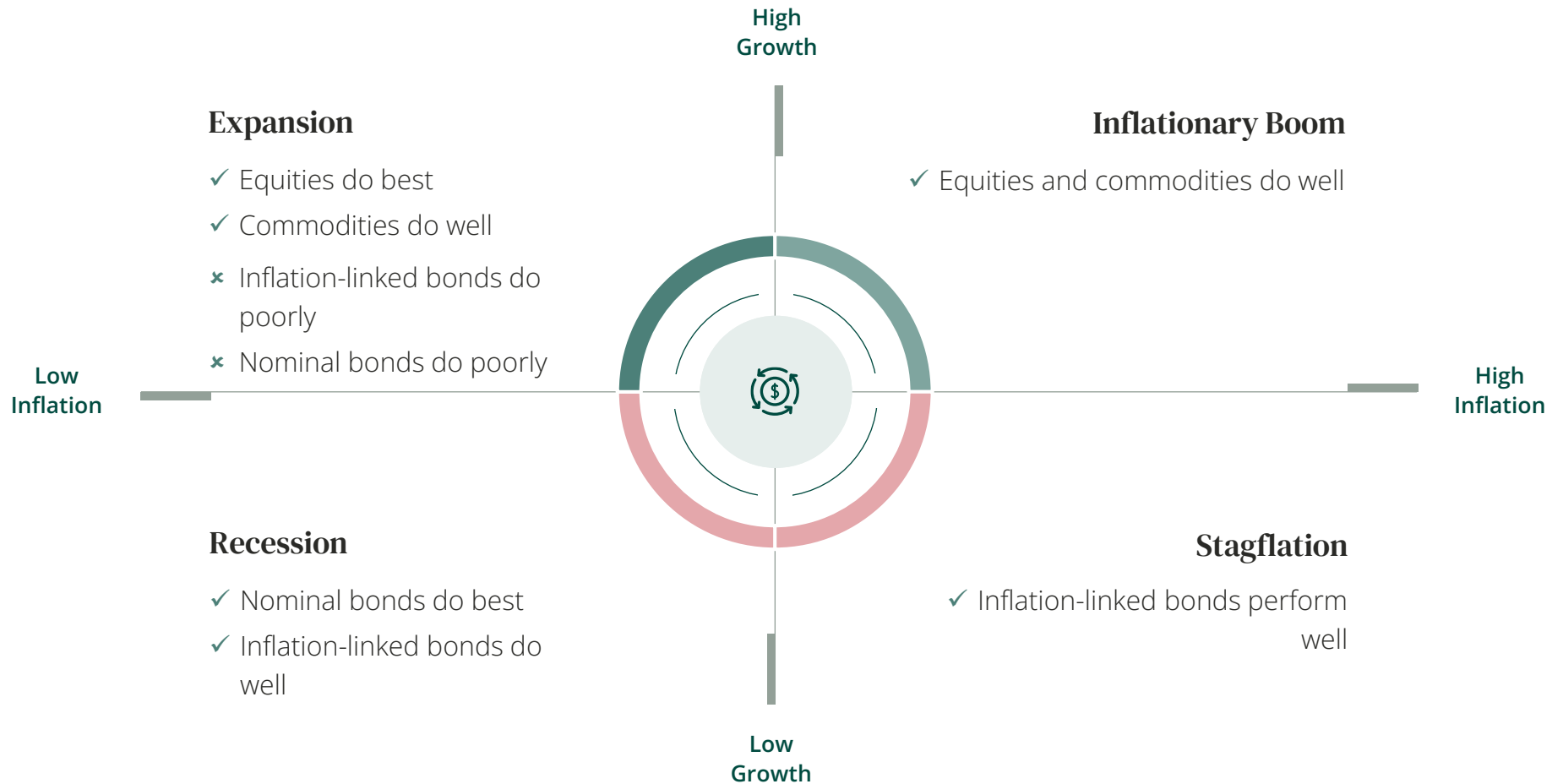
Difference between UK 5Y Breakeven and subsequent realised inflation (% annualised)



Source: Bloomberg Finance LP.

Why inflation-linked?

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



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	

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