

CG Multi-Asset Funds

Capital Gearing Trust, CG Absolute Return Fund, Capital Gearing Portfolio Fund

Fund	Q1 2024 Performance	12-month Performance
Capital Gearing Trust (open)	-0.3%	1.8%
CG Absolute Return Fund (open)	-0.2%	2.3%
CG Absolute Return Fund (EUR Hedged) (open)	-0.5%	n/a
CG Absolute Return Fund (USD Hedged) (open)	-0.2%	n/a
CG Portfolio Fund (Closed)	-0.5%	1.5%

- The asset allocation breakdown of the multi-asset portfolios was 30% in risk assets, 10% in corporate credit, 44% in index-linked bonds, 1% in gold and the remainder in cash and Treasury Bills (together, 15%).
- Index-linked bonds (44% of the portfolio) returned -0.6% over the quarter. This was driven by rising yields across the major jurisdictions (US, UK, Sweden and Japan). However, dollar appreciation against sterling over the period meant that TIPS (16% of the portfolio) were able to provide some protection, returning +0.5% over the quarter.
- Within the index-linked bonds, the two largest allocations are to UK index-linked (29% of the portfolio, duration 4.1 years) and US TIPS (16% of the portfolio, duration 8.7 years).
- Corporate bonds (10% of the portfolio) delivered a +2.7% return. This was primarily driven by spread narrowing over the course of the quarter, and as such the multi-asset funds' corporate credit exposure reduced from 13% to 10%.
- The corporate credit portfolio remains largely investment grade, with a duration of 1.9 years.
- Risk assets (30% of the portfolio) returned +0.2% over the quarter. Within this, conventional equities (15.5% of the portfolio) returned +4.26%. However, more interest rate sensitive risk assets, property and infrastructure funds (together 9% of the portfolio), were a detractor from performance and contributed -0.2% and -0.6% respectively to the fund's performance over the quarter.
- Positioning remains defensive with a focus on inflation protection.

CG Bond Funds

Real Return Fund, Dollar Fund, UK Index-Linked Bond Fund

Fund	Q1 2024 Performance	12-month Performance
Real Return Fund (open)	-1.1%	-3.8%
Real Return Fund (GBP hedged) (open)	-0.6%	-0.9%
Dollar Fund (open)	0.5%	-3.2%
Dollar Fund (GBP hedged) (open)	-0.5%	-1.7%
Dollar Fund (EUR hedged) (open)	-0.8%	n/a
Dollar Fund (USD Unhedged)	-0.4%	n/a
CG UK Index-Linked Bond Fund (open)	-0.2%	n/a

Real Return Fund

- The fund returned -1.1% over the quarter, against -0.3% for the Global Index-Linked Ex-UK Index, and -3.8% over the past 12 months versus -1.9% for the index.
- The hedged share class returned -0.6% over the quarter against -0.1% for the index, and -0.9% over the past 12 months against 1.1% for the index.
- US TIPS (70% of the portfolio) contributed +0.3% to the fund's performance. At the short end (maturity 0-10 years), rising yields were more than offset by dollar appreciation. In the 10+ year maturity bucket, the extent of the upwards yield shift has resulted in capital losses.
- Germany (10% of the portfolio) contributed -0.2% to the fund's performance over the quarter and Sweden (6% of the portfolio) contributed -0.3%. Both were driven by a combination of currency weakness and rising yields.
- In Japan, currency weakness as the BoJ exited negative interest rate policy meant that the fund's Japanese index-linked bonds (6.5% of the portfolio) contributed -0.4% to the overall return for the quarter.
- New Zealand index-linked bonds were added to the portfolio (1%), yielding 2.1% real.
- Portfolio duration has been shortened over the quarter to 7.5 years overall, which is slightly longer than – but close to – the 7.3 year duration of the index.
- The current portfolio yield is 1.7% real.

Dollar Fund

- The fund returned 0.5% over the quarter, against 0.8% for the comparator index, and -3.2% over the past 12-months versus -1.9% for the index.
- The fund was able to deliver a positive return over the quarter as rising yields across the TIPS curve were more than offset by dollar appreciation against sterling.
- The hedged share class returned -0.5% over the quarter, against 0.2% for the index and -1.7% over the past 12 months versus -0.4% for the index.
- Portfolio duration has been shortened over the quarter from approx. 9.3 years to 8.7 years, longer than the 6.9 year duration of the index.
- The current portfolio yield is 2% real.

CG Bond Funds

Real Return Fund, Dollar Fund, UK Index-Linked Bond Fund

CG UK Index-Linked Bond Fund

- The fund returned -0.2% over the quarter, against -2% for the comparator index, and has delivered a 3.5% return since inception. This occurred against a backdrop of rising yields across the UK index-linked curve over the three-month period.
- Portfolio duration is 5.1 years, significantly shorter than the index duration of 16 years.
- The current portfolio yield is 0.4% real.

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