

cgam

CG Asset Management

First Quarter Review

April 2022



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Performance figures have been calculated by CG Asset Management Ltd based on information provided by Bloomberg, Morningstar and Northern Trust International Fund Administration Services (Ireland) Ltd.

The value of all investments and the income there from can go down as well as up and the investor may not get back the amount invested. Past performance is not necessarily a guide to future performance. Investors should also note that changes in rates of exchange may cause the value of investments to go up or down.

This presentation was prepared on 31st March 2022 fund performance data is updated to 30th March 2022. Other market data may be less up to date, nevertheless the managers consider such data to be representative of prevailing market conditions.

Unless otherwise stated, CG Asset Management is the primary source of all information contained within the presentation.

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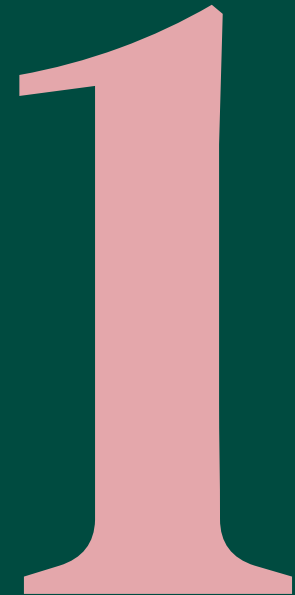
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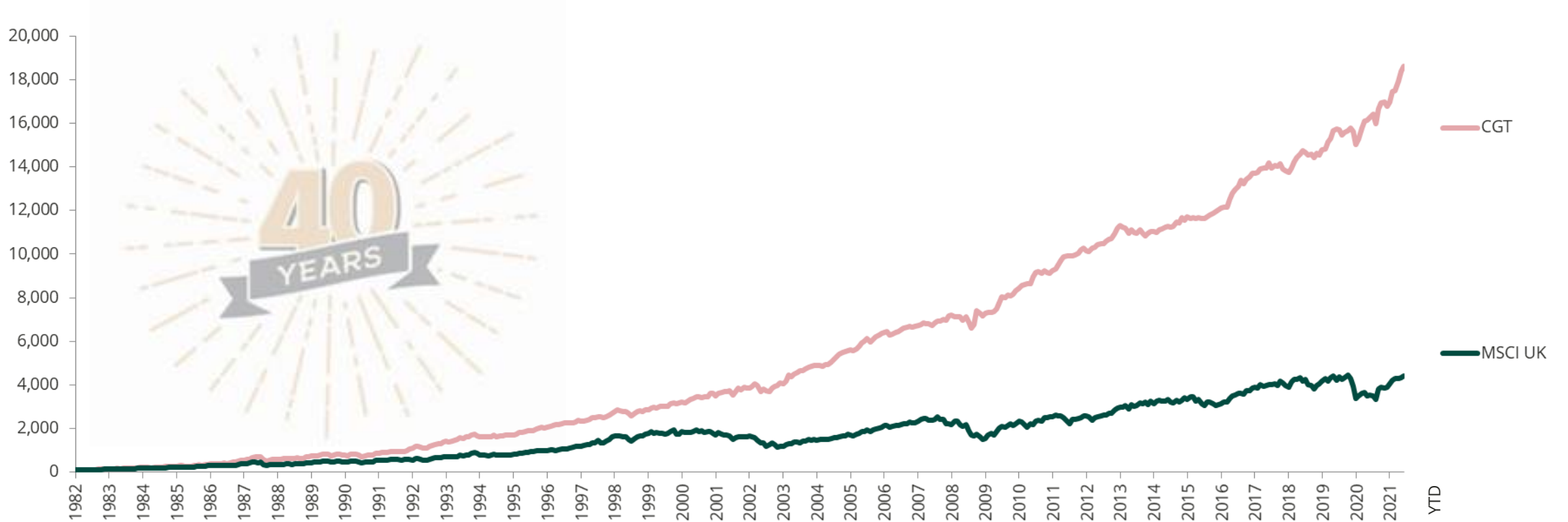
Peter turns 40 again (!)

A large, light pink number 1 is positioned on the right side of the slide. It is a simple, bold, sans-serif font.

CGT TRACK RECORD

Since 1982 CGT has returned 280x¹⁾ with only one down year

NAV Total Return History (Rebased) Apr 1982 to Mar 2022



CGT TR 45% 49% 29% 35% 47% 3% 30% 2% 19% 18% 30% 18% 5% 20% 13% 17% 4% 10% 11% 10% 3% 22% 15% 15% 5% 7% 0% 18% 8% 10% 11% (2)% 5% 3% 13% 0% 8% 1% 14% 11%

1) Share price terms, dividends reinvested

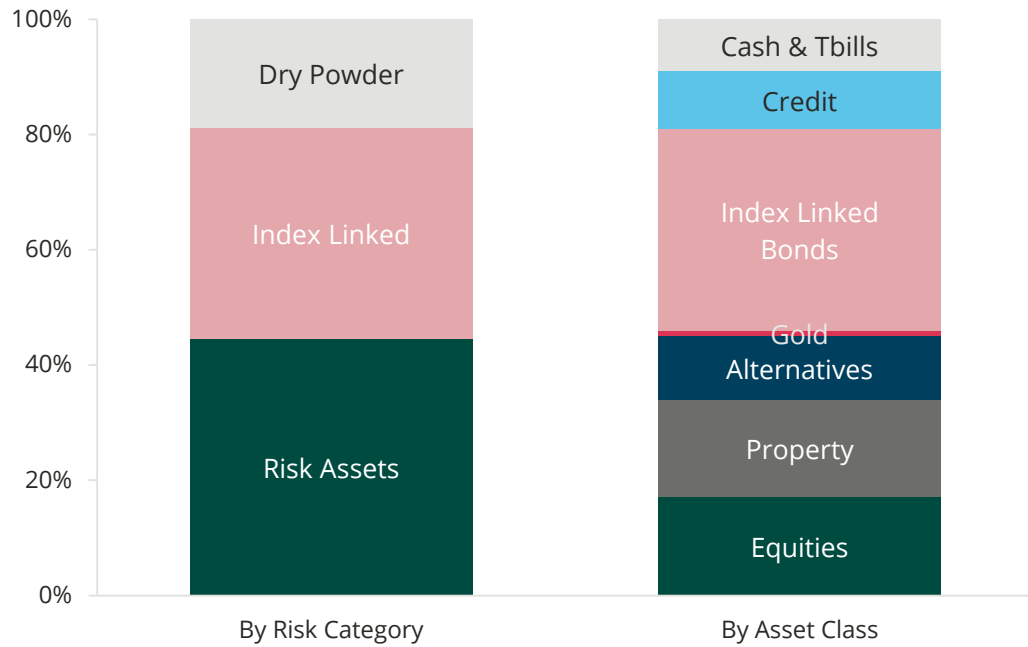
Positioning and Returns



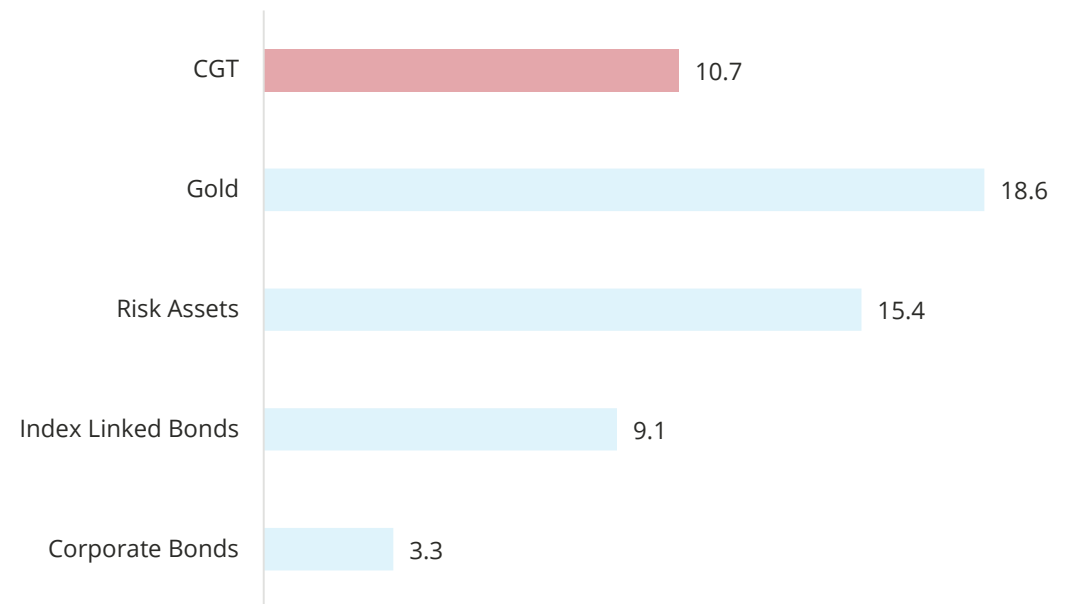
POSITIONING AND RETURNS

Positioning remains defensive with a focus on inflation protection

CGT Asset Allocation Mar 2022 (%)



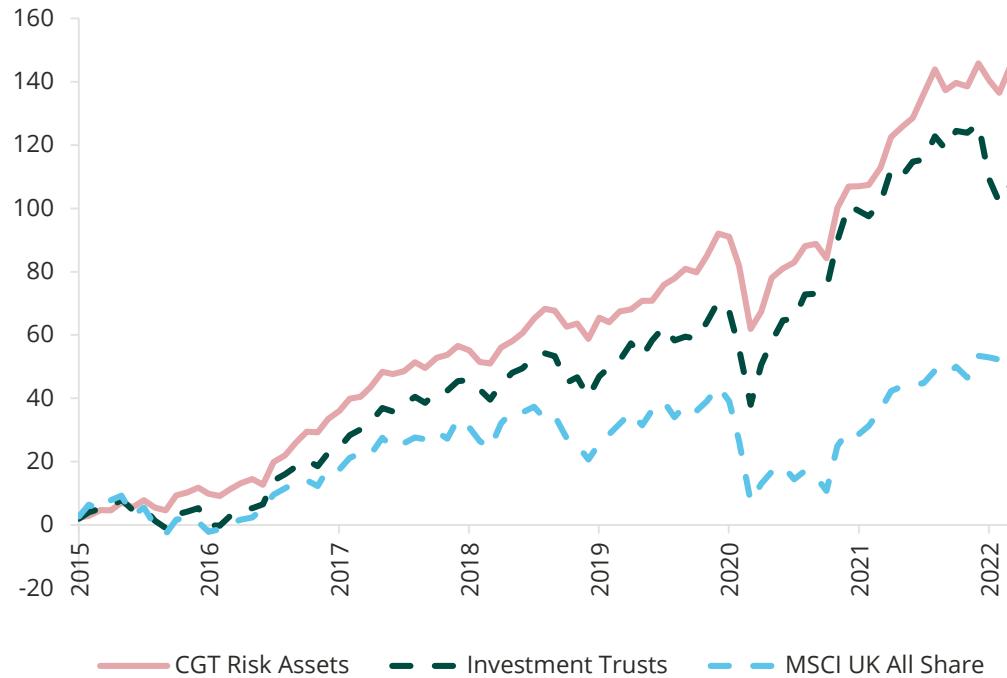
Returns by Asset Class over last twelve months (%)



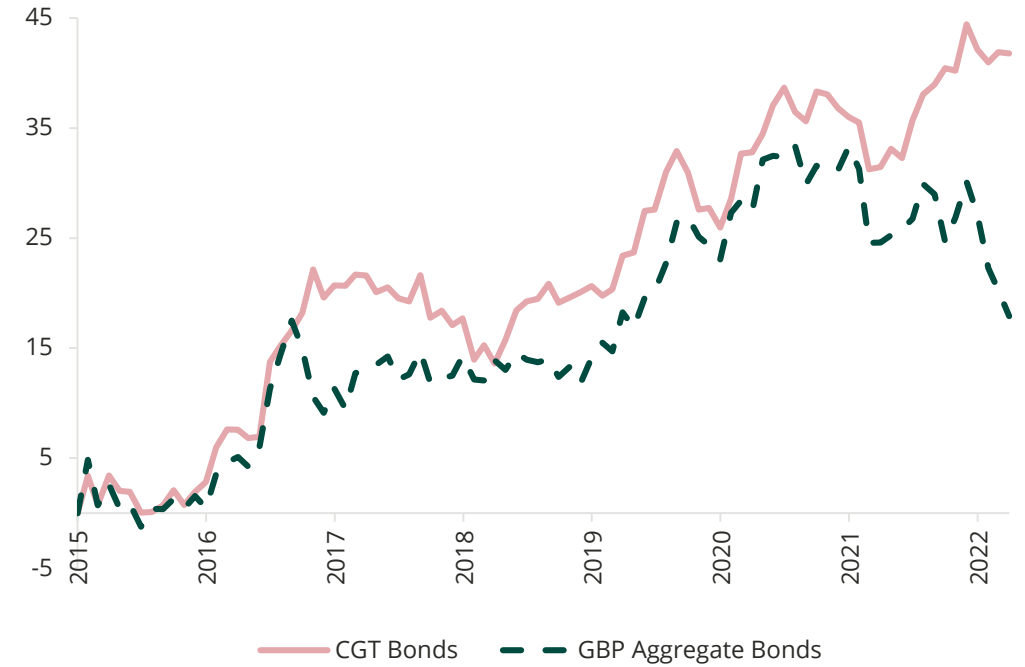
POSITIONING AND RETURNS

Both the equity and bond portfolios have contributed to the outperformance and the stability of returns

CGT Risk Assets* Returns Recent Performance To Mar 2022 (%)



CGT Bonds Only* Returns Recent Performance To Mar 2022 (%)



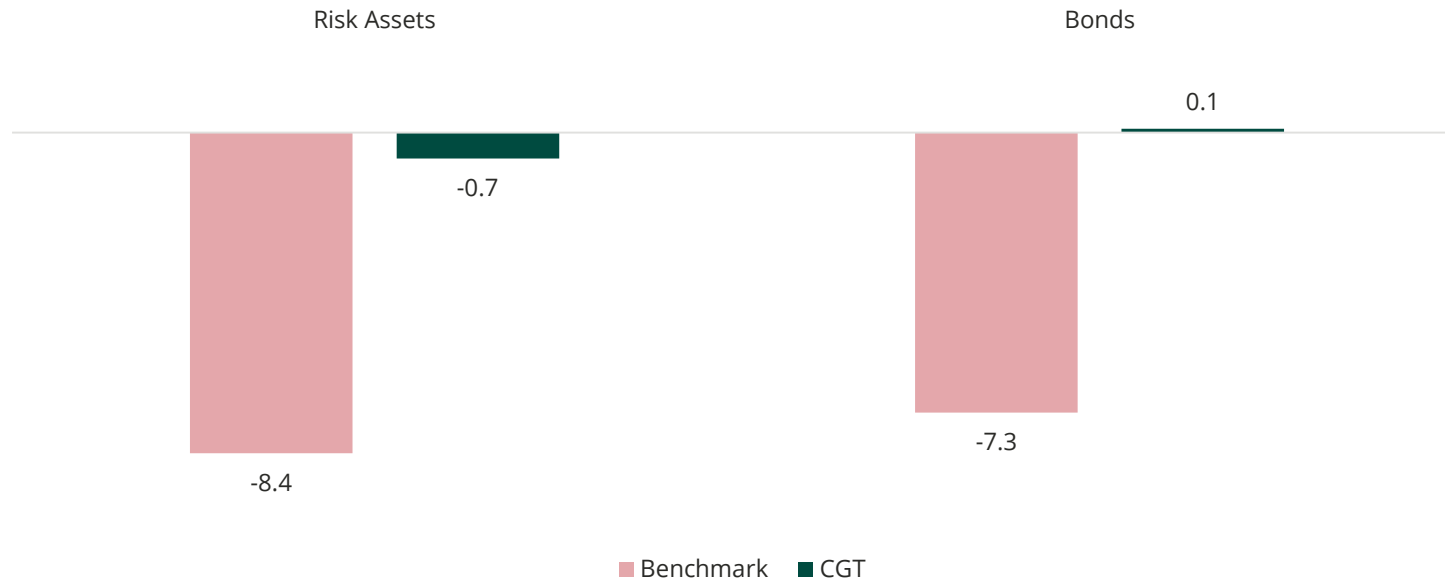
© Copyright CGAM 2022 *Risk Assets include equities, property, alternatives and gold. Bonds include Credit and sovereign bonds (excluding T-Bills and Cash)

Source: Bloomberg, Northern Trust | Drawdown calculation based on month end NAVs

POSITIONING AND RETURNS

The first quarter proved to be a good test to demonstrate the defensive characteristics of the portfolio

CGT YTD Mar 2022 Performance vs. Benchmarks

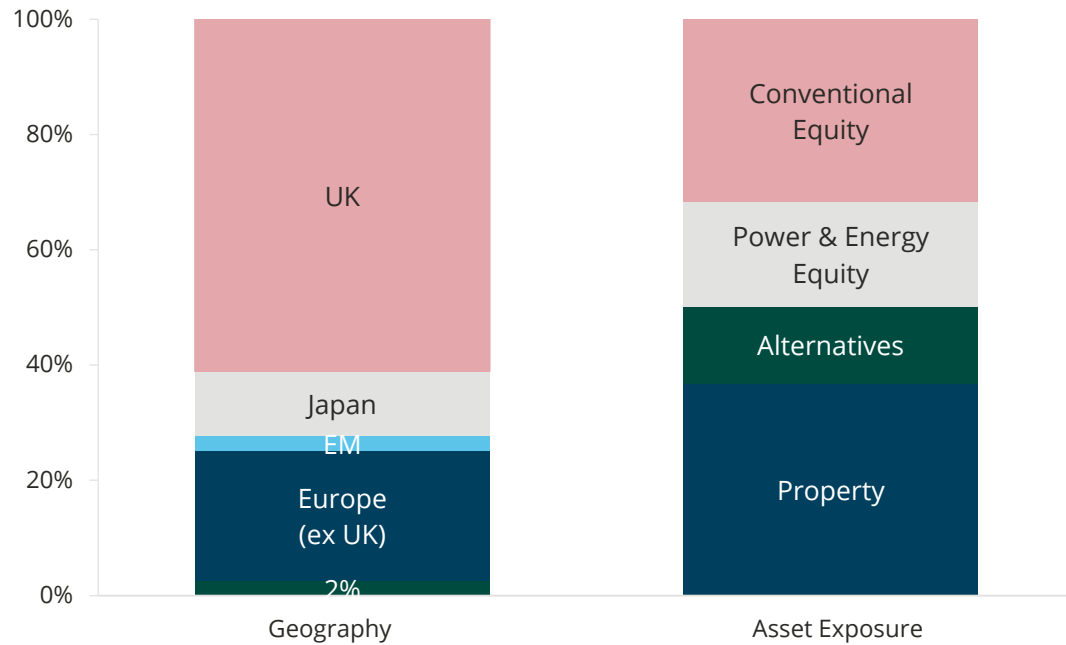


Note: Bonds benchmark = GBP Aggregate, Risk Assets Benchmark = Investment Trust Index

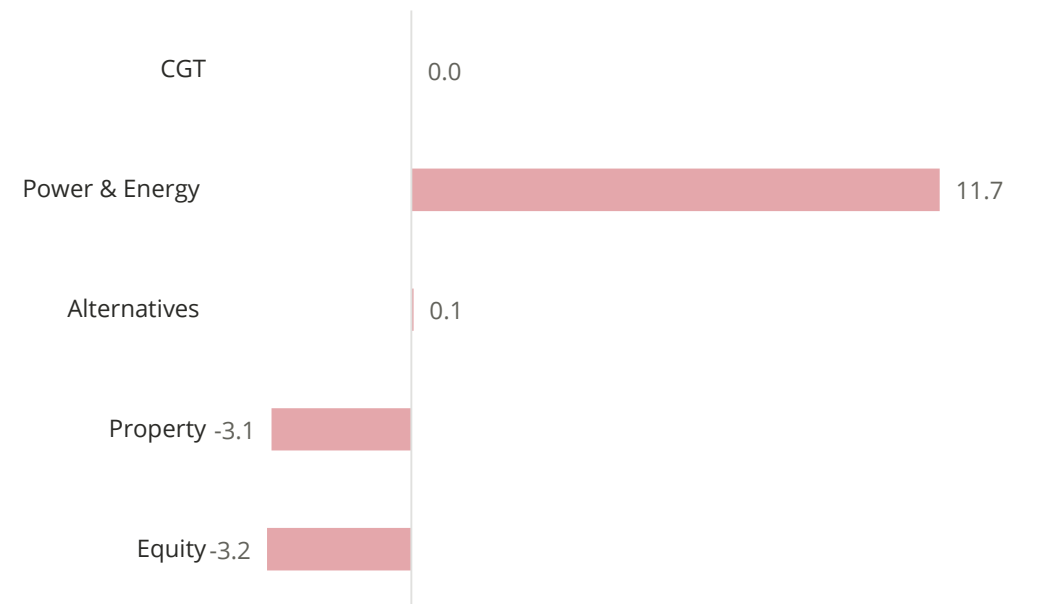
FUND RETURNS & POSITIONING

A substantial allocation to Power & Energy delivered equity outperformance in the period

Risk Assets – Geographic Exposure and Asset Exposure



First Quarter Performance (%)



Asset prices and inflation

Some reflections on what the future may hold

3

ASSET PRICES AND INFLATION

The money illusion: the psychological predisposition to think in nominal rather than real terms

- *Equities are not an inflation hedge ... they actually love disinflation*
- *Be very sceptical of real assets claims*
- *Valuation really matters*

ASSET PRICES AND INFLATION

Equities actually love disinflation

Real equity returns vs. inflation rate percentiles, 1900 - 2021



“Equities are at best a partial hedge against inflation; their nominal returns tend to be higher during inflation, but not by a large enough margin to ensure that real returns completely resist inflation.”

**DIMSON AND MARSH
CREDIT SUISSE YEAR BOOK**

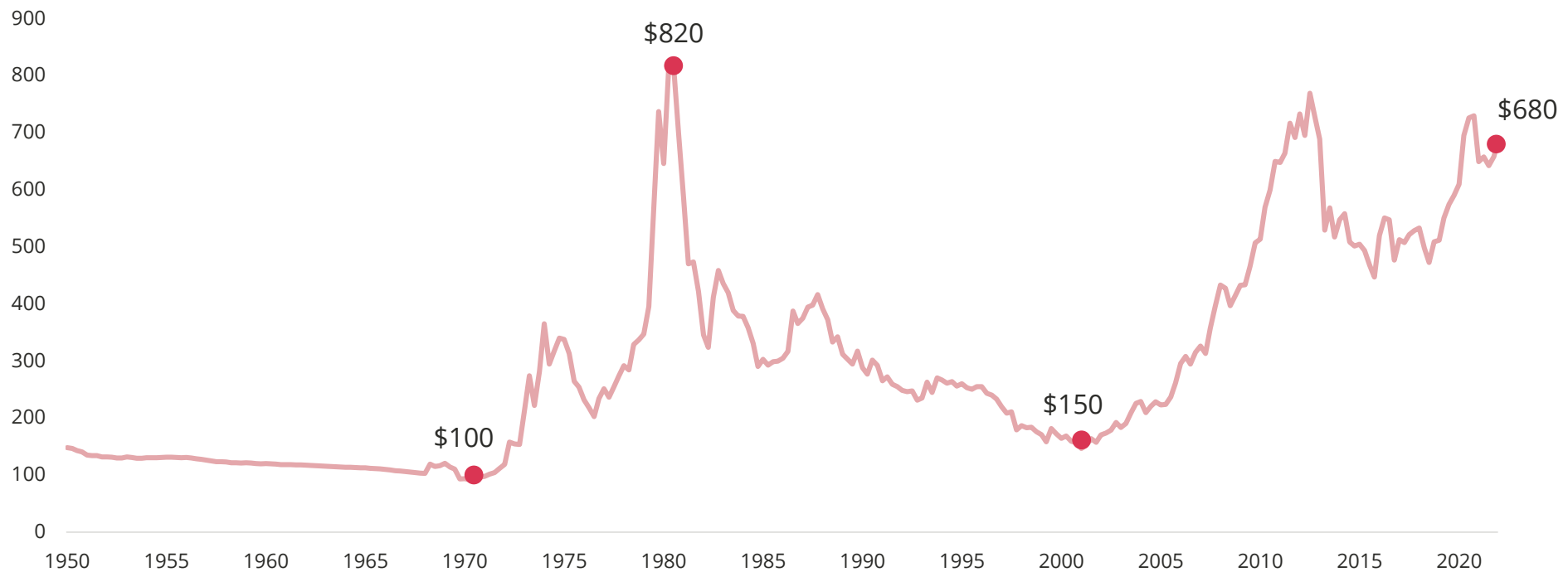
“For a variety of reasons reviewed here, inflation tends to raise investors’ required real rate of return on equity and to lower real capital income for tax-related reasons. As a result there is a strong negative correlation between inflation and real and nominal stock prices.”

**JOHN TATOM
INFLATION AND ASSET PRICES**

ASSET PRICES AND INFLATION

Inflation may be one factor influencing the gold price but other factors are overwhelmingly more important

Real gold price - 1950 to 2022



ASSET PRICES AND INFLATION

What areas are we currently focused on?

Real Interest Rates

- Real rates are already negative but expect them to become more negative

Rented Accommodation

- Underpinned both by strong house price growth and wage inflation

Renewable Infrastructure

- Access to inflation linked government cashflows combined with an elevated power price

Energy & Materials

- Undemanding valuations given low levels of CAPEX in recent years and inflationary backdrop

Contact us

Alastair Laing

+(44) 203 906 1631

alaing@cgasset.com

CG Asset Management

20 King Street

EC2V 8EG

info@cgasset.com

www.cgasset.com

