

cgam

Focused Wealth Preservation

CGAM Multi-asset Update

October 2022



Disclaimer

This presentation is issued and intended for professional investors and eligible market counterparties only.

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 4th October 2022 fund performance data is updated to 30th September 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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What just happened?

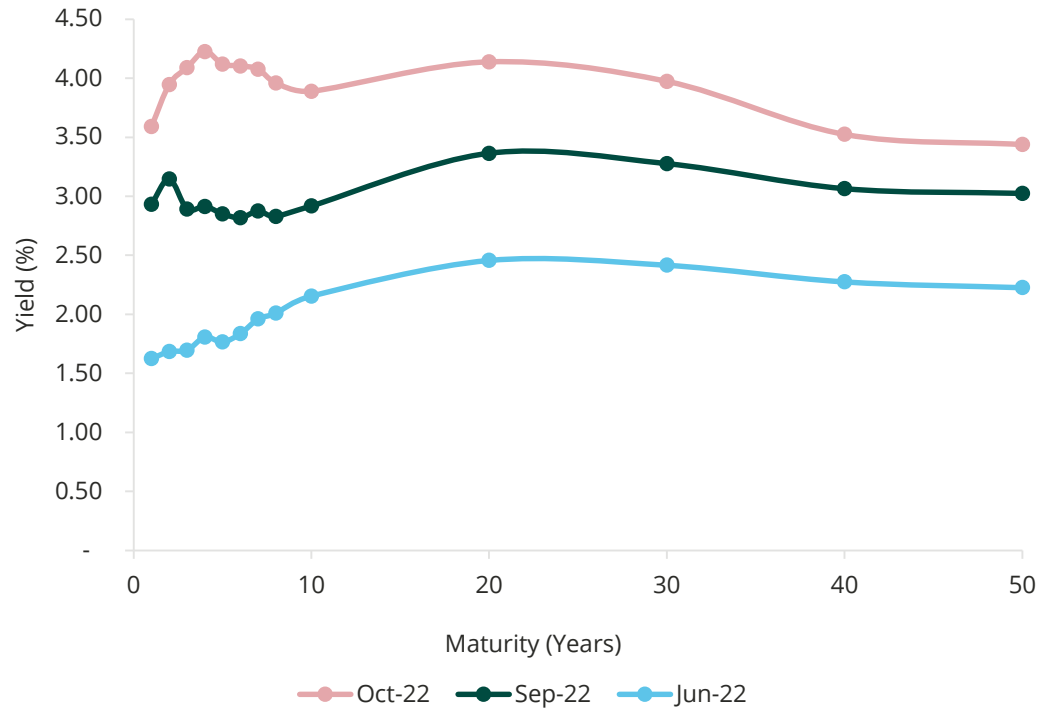
Reflections on a busy week!

1

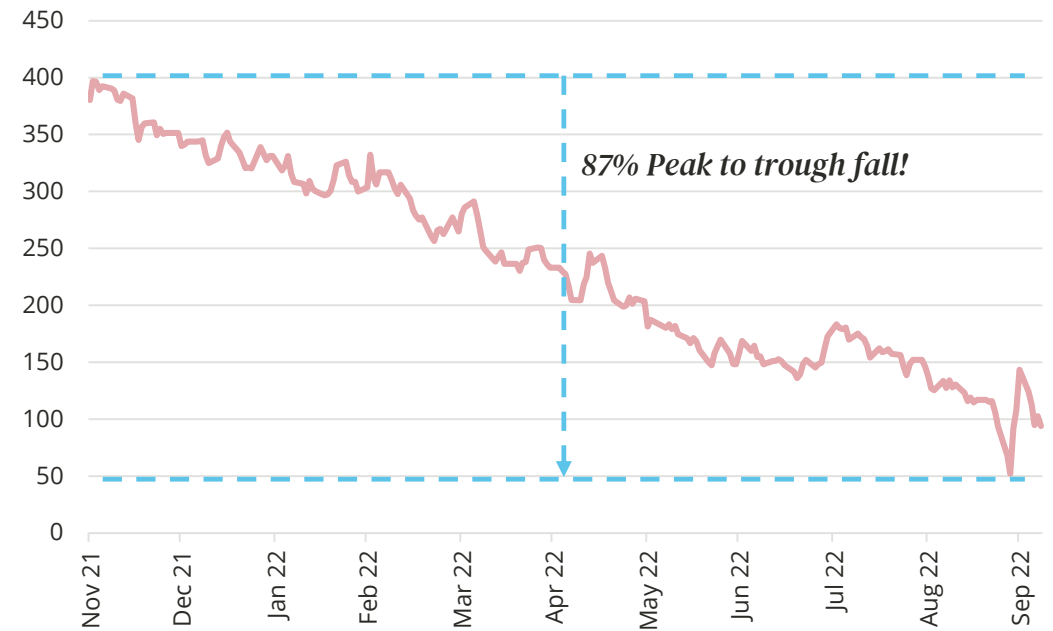
WHAT JUST HAPPENED?

Unfunded tax cuts in the UK led to a dramatic shift in the yield curve

UK Nominal Yield Curve



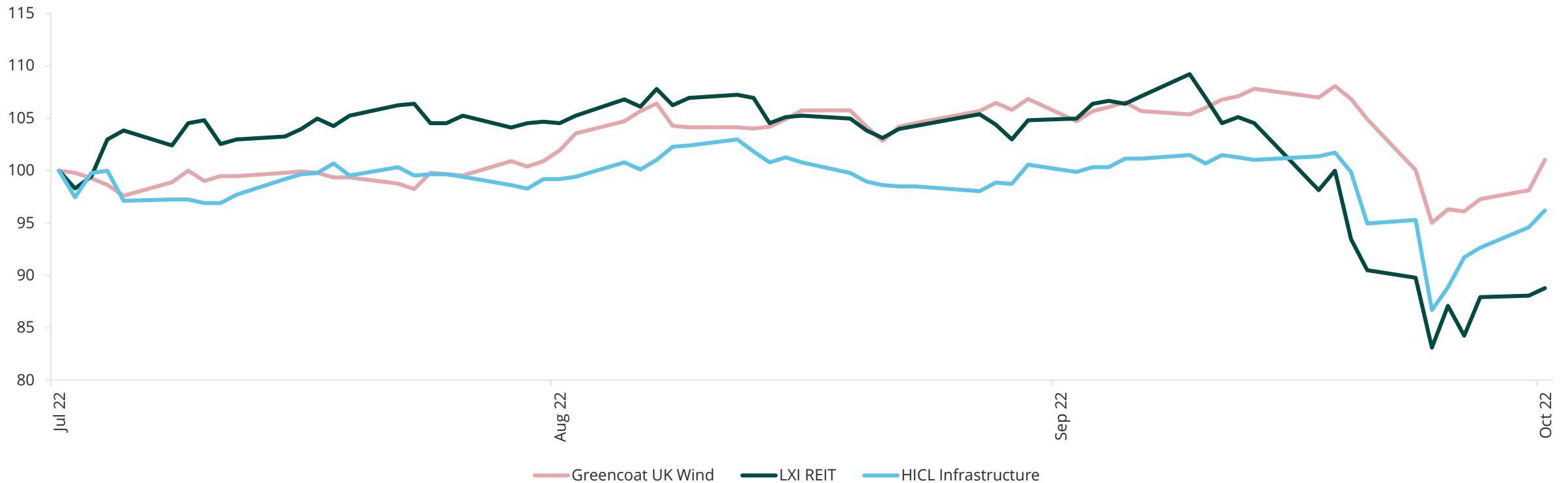
UKTI 2073 - Price (£)



WHAT JUST HAPPENED?

... which flowed through to inflation linked bond proxies

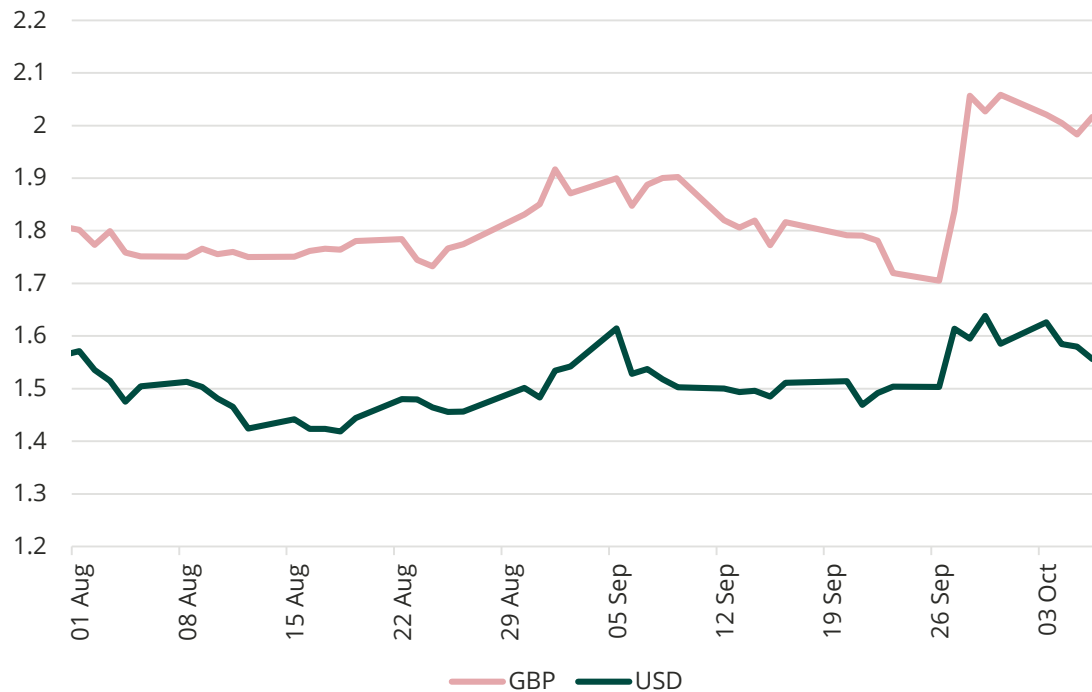
Inflation Linked "bond proxies" - share price performance (indexed to 100)



WHAT JUST HAPPENED?

Credit spreads have widened dramatically in the UK vs. other countries

UK vs. US 5Y BBB+ spread over government bonds (%)



- *Margin calls at LDI pension funds caused a wave of selling of high quality assets including gilts and sterling credit*
- *Pressure in sterling credit has been accentuated by BoE beginning to run-off its portfolio*

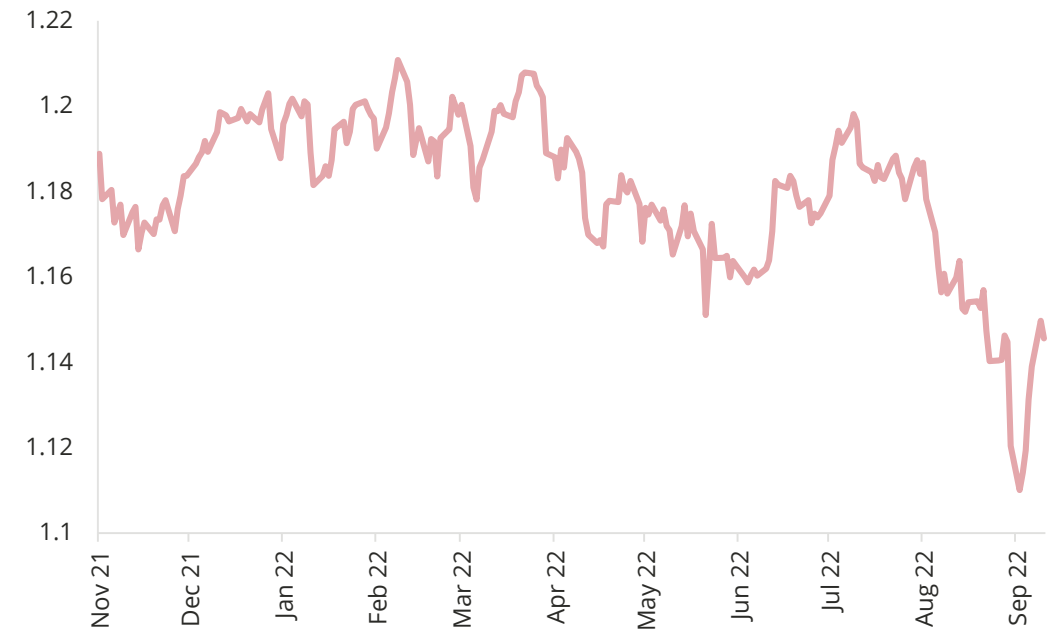
WHAT JUST HAPPENED?

The past 10 years has been characterised by currencies rising with rising yields... but not when a government's competence is called into question

GBPUSD - 1 Year



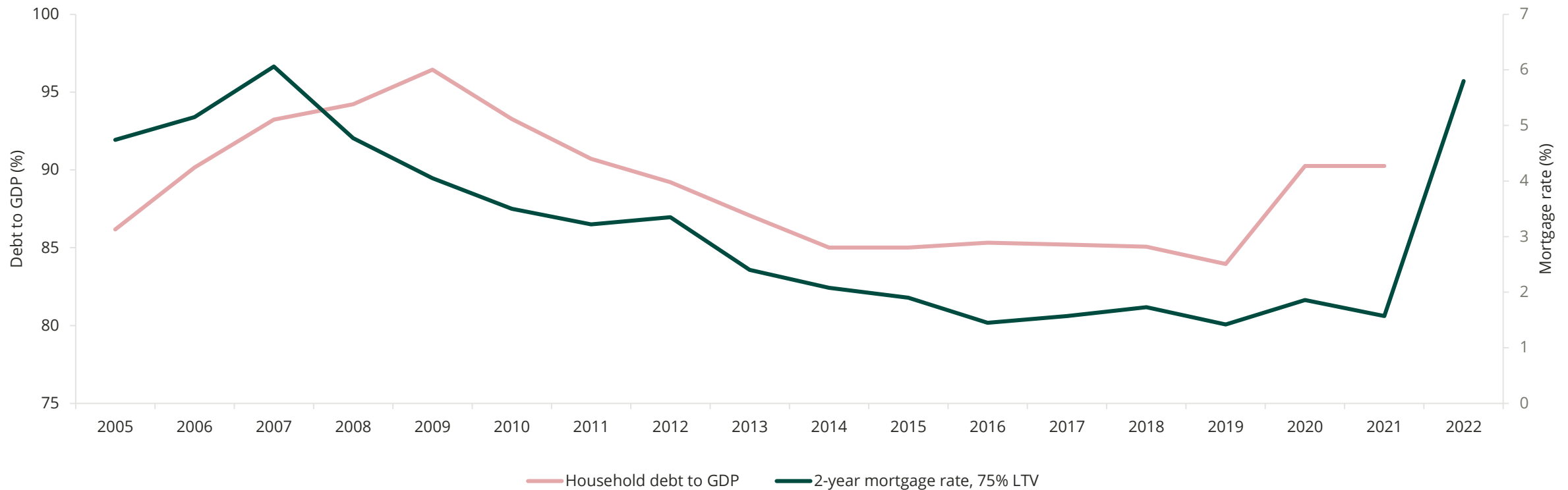
GBPEUR - 1 Year



WHAT JUST HAPPENED?

The last time household debt and mortgage rates were this elevated was the eve of the global financial crisis

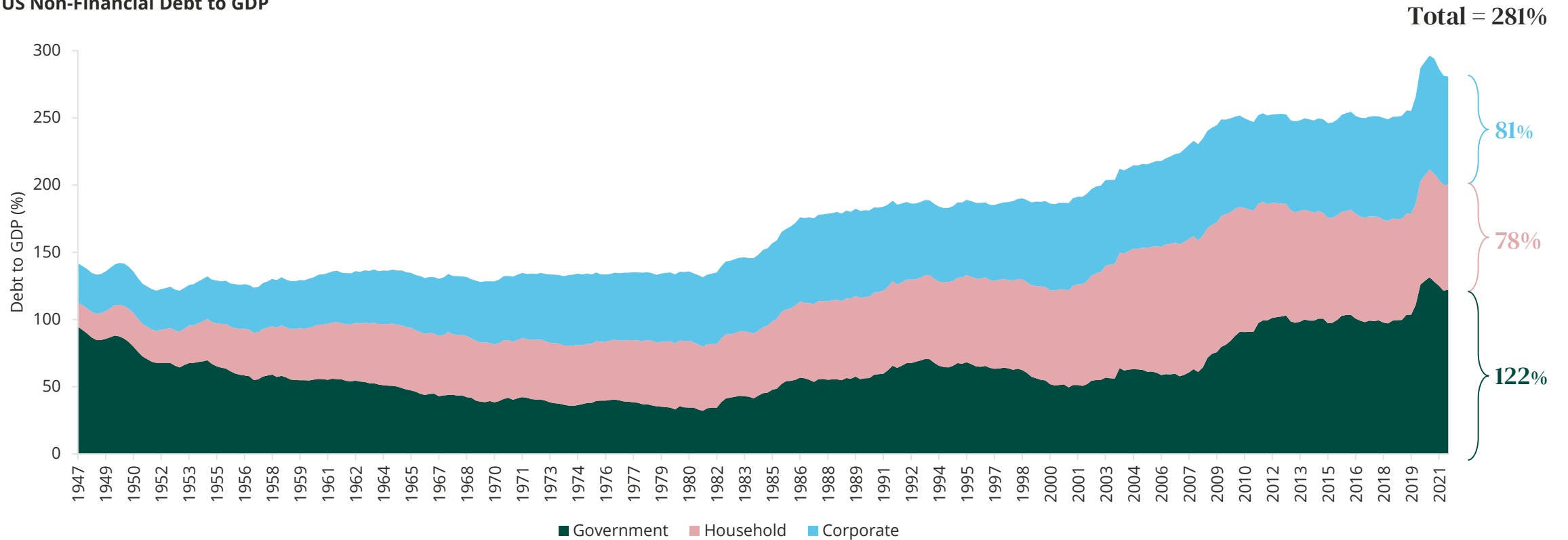
UK household debt to GDP versus 2-year fixed mortgage rate



WHAT JUST HAPPENED?

Elevated debt levels are not just a UK issue

US Non-Financial Debt to GDP



Fund reporting

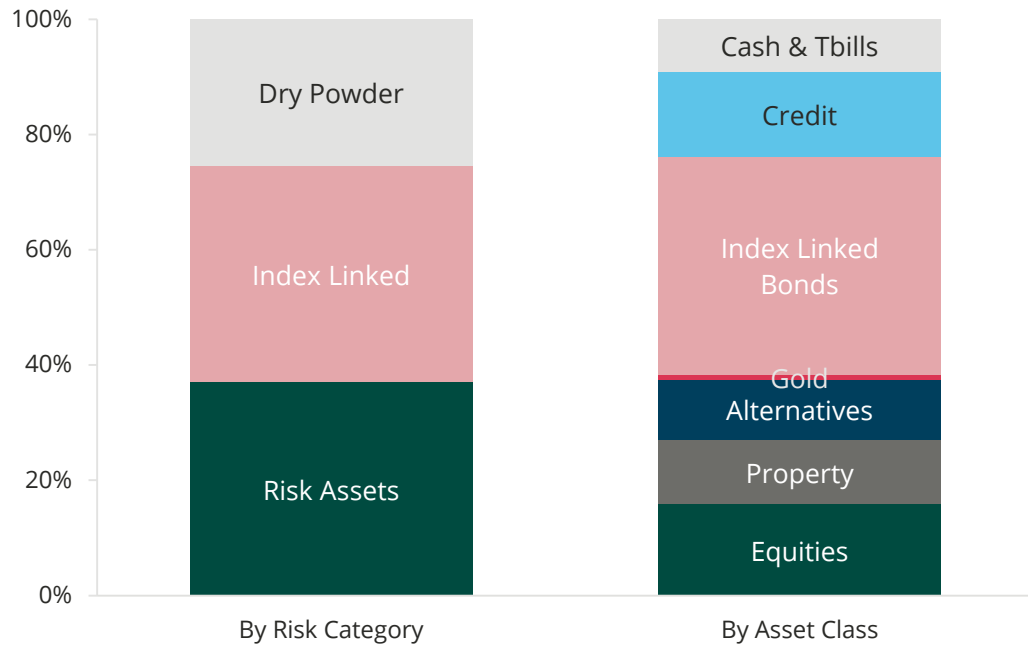
Recent developments in the portfolio



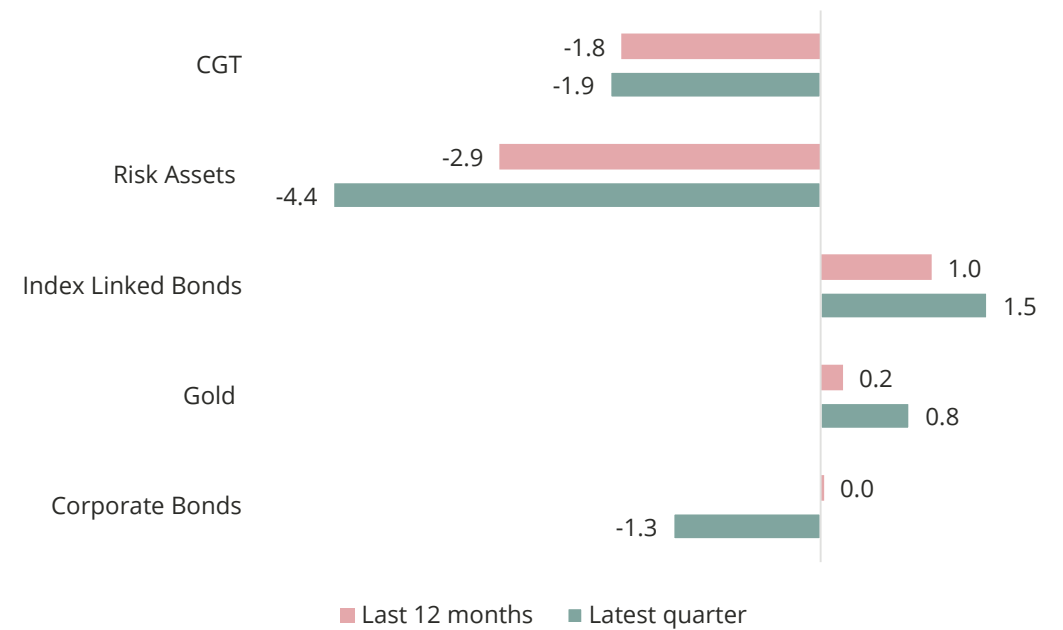
POSITIONING AND RETURNS

Positioning remains defensive with a focus on inflation protection

CGT Asset Allocation September 2022 (%)



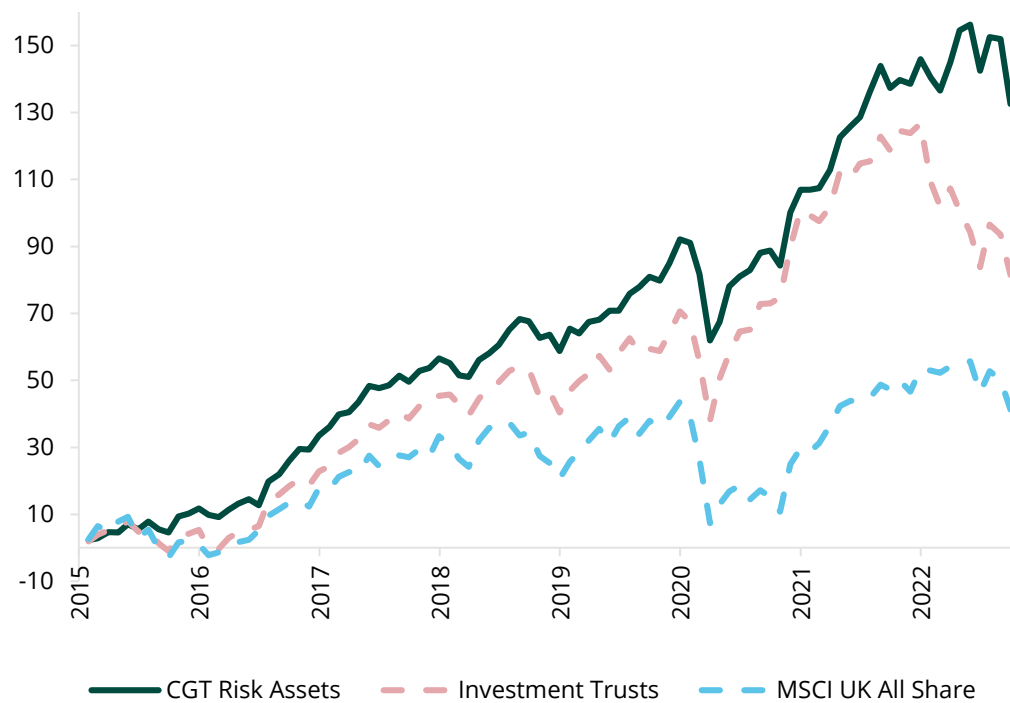
Returns by Asset Class (%)



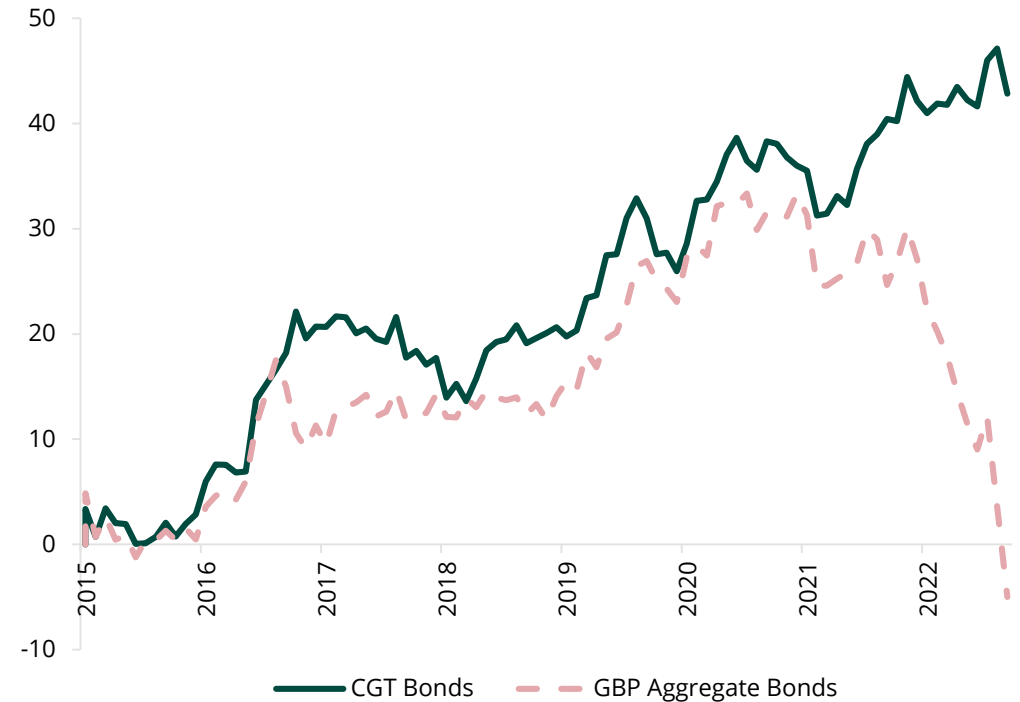
POSITIONING AND RETURNS

Both the equity and bond portfolios outperformed their benchmark, contributing to the stability of returns

CGT Risk Assets* Performance to September 2022 (%)



CGT Bonds Only* Performance to September 2022 (%)

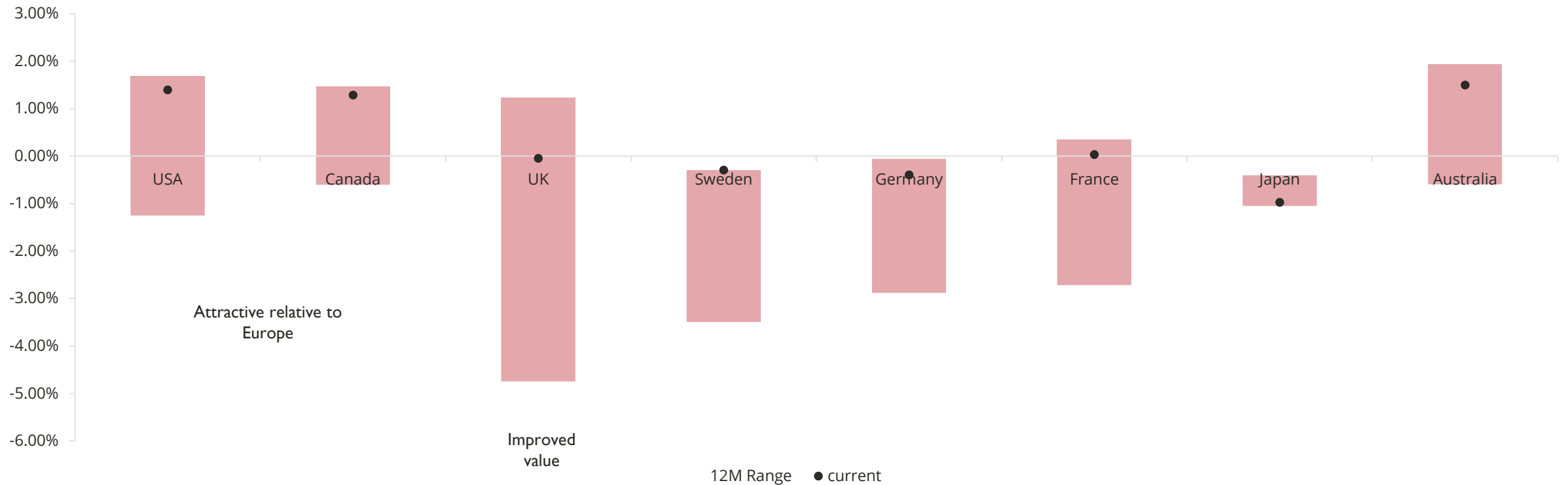


*Risk Assets include equities, property, alternatives and gold. Bonds include Credit and sovereign bonds (excluding T-Bills and Cash)

OUTLOOK

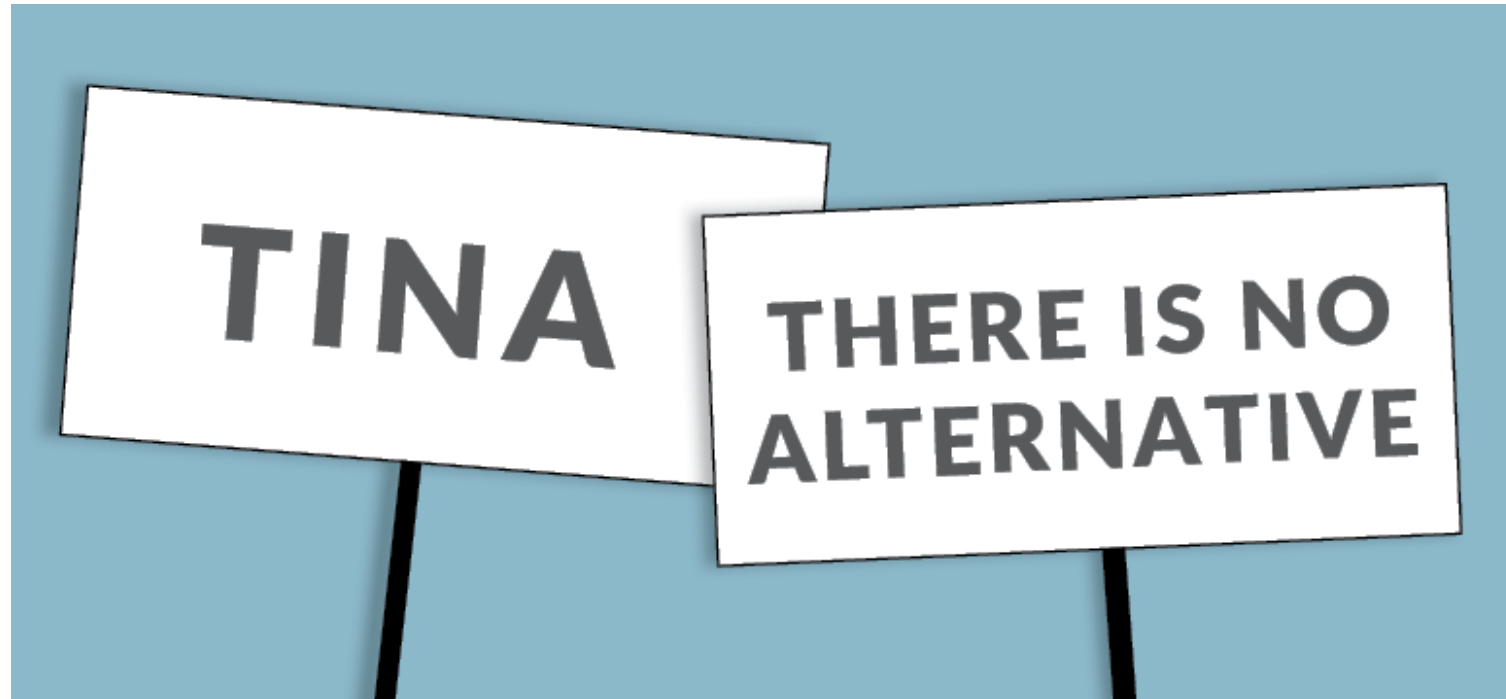
Recent moves in UK yields were historic and, for the first time in many years, gilts are offering an investment opportunity

Developed Government Bond 10 Year Real Yields



OUTLOOK

There is no alternative but it is not what you think...



OUTLOOK

What areas are we currently focused on

Real Interest Rates

- *Recent additions have been made to UK index linked adding to the global portfolio of inflation linked bonds*

Yen Assets

- *The Yen is offering exceptional value and Japan could come to be seen as a safe haven in an inflationary world*

Energy Equities

- *Supply constrained due to under-investment, Ukraine and OPEC + cuts*
- *Undemanding valuations due to ESG selling constraints*

Sterling credit

- *Combination of pension fund selling and BoE selling has led to high spreads even in short dated, economically insensitive sterling credit*

CGAM BACKGROUND

We are delighted with the two recent additions to our team

Peter Spiller
Chief Investment Officer



Alastair Laing
Co-Manager



Chris Clothier
Co-Manager



Chris Taylor
Chief Operations Officer



Sindy Somander
Operations Manager



Richard Goody
Risk & Compliance Director



Hassan Raza CFA
Investment Analyst



Emma Moriarty
Investment Analyst



Lisa Bajardi
Head of Investor Relations



Lydia Groves
Operations Analyst



Finn
Chief Morale Officer



Jason Barlow
Risk & Operations Manager



Investments & IR

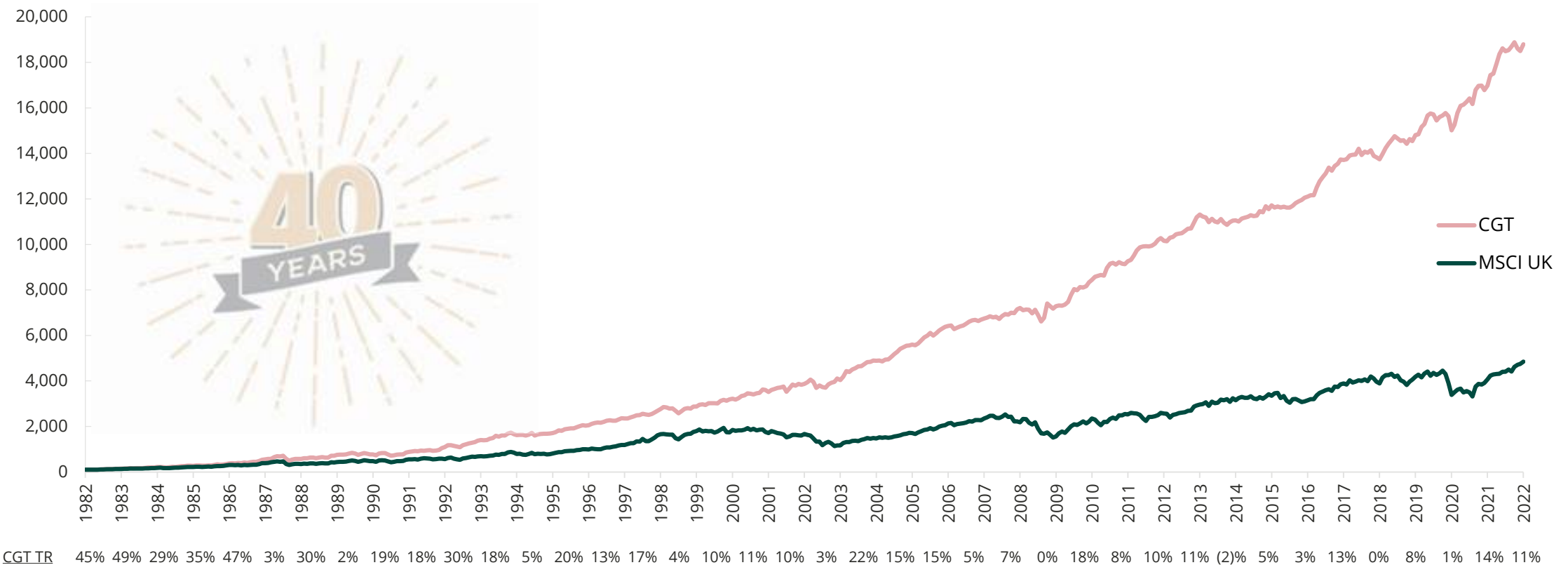
Operations

Risk & Compliance

CGAM BACKGROUND

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

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



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