

Charity Assets Trust

Positive absolute returns with low volatility for charities

During November the fund price rose by 0.1%. This compared with a fall of 2.2% in the FTSE All-Share Index and a rise of 3.0% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

In an action-packed November, perhaps the most meaningful moment came on its final afternoon. In his testimony to the Senate Banking Committee, the Chair of the Federal Reserve, Jerome Powell, admitted that inflation will linger and that it was 'time to retire the word transitory'. This marks the end of the back-and-forth narrative that has dominated the investment debate for the past six months. It also provided a rubber-stamp to a shift that was already underway. Short-dated interest rate markets had already begun to price in an end to limitless central bank accommodation.

This shift is a material change and marks the beginning of a new market dynamic. We have moved from a question of whether inflation is transitory to whether central banks have the willingness and the ability to bring this lingering, sticky inflation back down. If the necessary willingness exists, then we are entering a much more difficult backdrop for markets. The tailwind of gargantuan liquidity injections, which have powered them higher, will now become a headwind.

Alongside liquidity, risk assets have clearly also benefitted from improving economic fundamentals. The Atlanta Fed GDP Nowcast estimates that real GDP for Q4 in the US will be above 8%. Coupled with inflation potentially annualising at 6% for the quarter, this gives US quarterly nominal GDP of close to 14%. These powerful economic fundamentals put pressure on officials to dial down stimulus.

The combination of strong economic fundamentals and a need to tackle inflation will see central banks try to slow price rises through tighter financial conditions. This makes equity and credit markets as vulnerable as they have been since the market falls of March 2020. We have been preparing for this eventuality. At the end of October, we increased our allocation to the credit protection strategies that worked so well in Q1 2020.

On top of this, we added to equity option protection and deliberately pared back the fund's equity weight to just under 40%. If inflation does not react as central banks hope and they have to go harder with their liquidity withdrawal, we are confident we have the protections in place to withstand the likely equity market tantrum.

The bigger question is perhaps whether inflation will be able to be brought back to target or is the genie well and truly out the bottle. For this eventuality, the longest-dated inflation linked bonds remain primed. We upped our weighting to the longest-dated issues in the UK to 15% and added to the new 2073 index-linked bond. It is noteworthy that these bonds rose just under 10% during the month. The knee-jerk reaction to the omicron variant was disinflationary. We are not so sure. The pandemic experience tells us that the inflationary disruption to supply outweighs the deflationary hit to demand. Mr Powell and his colleagues will be well aware of this.

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



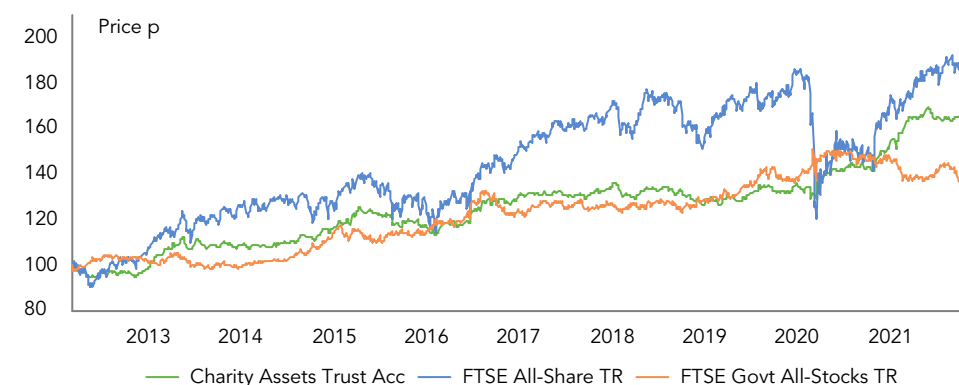
Investment objective

The fund aims to achieve low volatility and positive returns from an actively managed portfolio of different asset classes, including equities, bonds and currencies. Pervading this objective is a fundamental philosophy of capital preservation.

Responsible Investment Policy

The fund has strict restrictions on investment in alcohol, armaments, gambling, pornography, tobacco, oil sands and thermal coal. It also follows a proactive voting and engagement approach with companies held within the fund. The fund is monitored against UN Global Compact principles, MSCI's ESG Metrics and the managers also monitor the fund's carbon metrics.

Performance since launch on 8 March 2012



Accumulation units	Performance %	Unit price as at 30 November 2021	p
November 2021	0.1	Accumulation	168.40
Year to date	10.9	Income	141.23
1 year	13.4		
3 years	30.8		
5 years	32.6		

12 month performance to September %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	1.7	2.6	0.3	6.7	15.8
FTSE All-Share TR	11.9	5.9	2.7	-16.6	27.9
FTSE Govt All-Stocks TR	-3.6	0.6	13.4	3.4	-6.8

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 30 Nov 2021

Asset allocation



Asset allocation %

Long-dated index-linked gilts	15.5
Non-UK index-linked	13.3
Index-linked gilts	13.3
Illiquid strategies and options	7.4
Gold and gold equities	4.3
Short-dated bonds	3.3
Cash	3.3

UK equities	18.4
North America equities	7.0
Japan equities	6.8
Europe equities	6.0
Other equities	1.3

Currency allocation %

Sterling	86.3
Gold	4.3
Yen	2.4
US dollar	1.3
Euro	1.2
Other	4.5

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
NatWest Group	2.5
BP	2.1
Royal Dutch Shell	2.1
Equinor	2.0
Barclays	1.3
Countryside Properties	1.3
ORIX Corporation	1.3
Kinross Gold	1.2
Cigna	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	5.7
US Treasury 0.625% TIPS 2023	5.2
UK Treasury index-linked 0.125% 2065	4.5
UK Treasury index-linked 0.375% 2062	4.3
UK Treasury index-linked 0.125% 2068	4.1

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£162.7m**

Fund information

	%
Ongoing Charges Figure	1.06
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.35
Minimum investment	£500
Ex dividend dates	15 January, 15 April, 15 July, 15 October
Pay dates	15 March, 15 June, 15 September, 15 December
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month

Cut off Close of business on Wednesday

Unit classes Accumulation and income

	Accumulation	Income
ISIN	GB00B740TC99	GB00B7F77M57
SEDOL	B740TC9	B7F77M5

Manager and investment adviser Ruffer AIFM Limited

Trustee BNY Mellon Fund & Depositary (UK) Ltd

Custodian Bank of New York Mellon SA/NV

Administrator Bank of New York Mellon (International) Limited

Auditors Ernst & Young UK LLP

Legal advisers Simmons & Simmons LLP

Structure Common Investment Fund established under section 24 of The Charities Act 1993

Eligible charities are those registered as a charity with the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator and/or Inland Revenue Charities, Bootle, Merseyside (including charities established in Northern Ireland), or exempt from registration with the Charity Commission by virtue of the Charities Act 1993 (as amended).

Fund Managers

Christopher Querée

INVESTMENT DIRECTOR

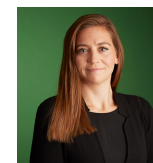
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and joined the Ruffer Group in 2004.



Jenny Renton

INVESTMENT DIRECTOR

Joined Ruffer in 2013. After reading politics at Newcastle University, she worked with oil and gas companies on their corporate and financial strategies before joining the fund team at Ingenious Investments. She is a CFA charterholder.



Ajay Johal

INVESTMENT MANAGER

Joined Ruffer in 2014 from Barclays Wealth. In 2019, he worked as an equity analyst in Ruffer's Hong Kong office, then joined the charities team in London as an Investment



Manager. He holds a degree in history and sociology from the University of Warwick and is a member of the Chartered Institute of Securities & Investment.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2021, assets managed by the Ruffer Group exceeded £23.6bn.

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