

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During February, the fund price rose by 2.7%. This compared with a fall of 0.5% in the FTSE All-Share Index and a fall of 1.4% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Our commentary this month is dominated by the impact of events in Ukraine. This war is first and foremost a human tragedy and our thoughts are with the people of Ukraine. The investment implications are secondary to the crisis, but we recognise our duty to provide investors with an update on the impact on their investments. The fund made gains earlier in the month and was broadly flat as the invasion unfolded. Geopolitical risk is unpredictable and we do not claim to position the fund in anticipation of specific events. Instead, we always hold protective assets which help us to weather market volatility in environments of heightened geopolitical risk.

The chief drivers of performance were derivative protection, gold and energy exposure. Derivative protection took two forms – interest rate protection and equity protection. We continued to use interest rate options to reduce duration risk in our inflation-linked bond holdings and this enabled us to benefit as bond yields rose for the first two weeks of the month. We took some profits in these options and the marginally higher duration since the invasion started has been helpful as bond yields have fallen. We will continue to be flexible in managing duration risk and believe that the path of rates will still be higher, but the speed of increase is now less certain. Towards the end of the month, equity put options helped performance.

The fund has no direct exposure to Russia or Ukraine. We have a 1.2% position in BP, as part of our allocation to energy. BP is exiting its position in the Russian oil company Rosneft. It has underperformed its peers over the last fortnight due to this exposure, but the shares moved little on the announcement as an exit had already been priced in. Elsewhere, energy stocks performed well for us. They have been a significant equity allocation since the beginning of the market recovery from the covid crisis. Our view that global demand would remain robust and supply would be constrained is playing out and we have been reducing exposure as part of an overall reduction in equity risk. We currently have 36% in equities, as well as protection in the shape of equity put options and exposure to credit default swaps.

We added to gold exposure in late 2021 moving from 6% to 8%. There was general investor disinterest in gold after a lacklustre 2021 and we also felt that emergent dollar weakness could see gold re-emerge as a safe haven. While we were wrong about dollar weakness, gold has undoubtedly benefitted from safe-haven demand.

Looking further ahead, the US is unlikely to incur the serious energy price inflation we expect in Europe. This may see a return to US exceptionalism. This would put upward pressure on the dollar, which in turn sucks liquidity out of broader financial markets (as well as making the Fed's life more difficult). This is likely to increase stress in markets more generally, hence our desire not to be overextended in either direction.

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.



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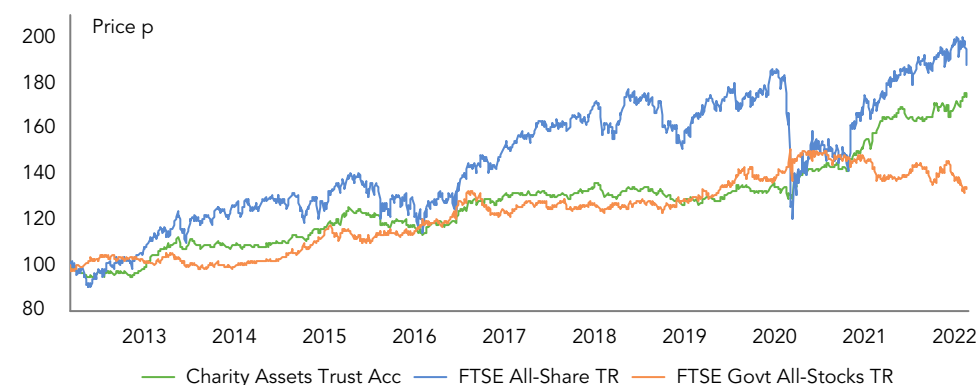
## Investment objective

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 28 February 2022	p
February 2022	2.7	<b>Accumulation</b>	<b>174.44</b>
Year to date	3.5	<b>Income</b>	<b>145.86</b>
1 year	9.4		
3 years	37.3		
5 years	32.3		

12 month performance to December %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	3.0	-5.6	7.3	11.9	11.0
FTSE All-Share TR	13.1	-9.5	19.2	-9.8	18.3
FTSE Govt All-Stocks TR	1.8	0.6	6.9	8.3	-5.2

Source: Ruffer LLP, FTSE International (FTSE) †

# Charity Assets Trust as at 28 Feb 2022

## Asset allocation



## Asset allocation %

● Illiquid strategies and options	13.5
● Non-UK index-linked	12.2
● Index-linked gilts	12.2
● Long-dated index-linked gilts	10.5
● Gold exposure and gold equities	8.3
● Cash	4.6
● Short-dated bonds	3.0
● UK equities	14.2
● North America equities	7.1
● Japan equities	6.5
● Europe equities	6.2
● Other equities	1.6

## Currency allocation %

● Sterling	78.6
● Yen	7.5
● US dollar	5.8
● Euro	0.9
● Other	7.2

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Shell	2.1
NatWest Group	1.6
Equinor	1.3
BP	1.2
Banco Santander	1.2
Lloyds Banking Group	1.2
ORIX Corporation	1.2
Cigna	1.1
Vodafone Group	1.0
American Express	1.0

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	5.1
US Treasury 0.625% TIPS 2023	4.8
UK Treasury index-linked 0.125% 2068	3.3
US Treasury 0.125% TIPS 2022	3.3
UK Treasury index-linked 0.125% 2065	3.2

\*Excludes holdings in pooled funds  
Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

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Fund size **£184.9m**

## Fund information

Ongoing Charges Figure	1.08
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.39
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
ISIN	Accumulation: GB00B740TC99 Income: 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

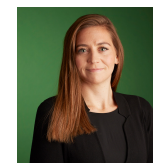
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and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



### Jenny Renton

#### INVESTMENT DIRECTOR

Joined Ruffer in 2013 and leads Ruffer's US team and co-manages two of Ruffer's flagship funds. Previous roles included oil and gas companies and 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 January 2022, assets managed by the Ruffer Group exceeded £24.5bn.

## Dealing line

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