

Charity Assets Trust

Positive absolute returns with low volatility for charities

During March, the fund price rose by 1.9%. This compared with a rise of 1.3% in the FTSE All-Share Index and a fall of 2.1% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Operation Stable Door began in earnest during March as the Federal Reserve raised interest rates for the first time in four years to try to contain inflation running at a near-half century high of 7.9%. Government bond yields moved abruptly to price in the most aggressive interest rate hiking cycle since 1994. Global bonds have just endured their worst quarter ever despite war, pestilence (covid disruption in China) and growing fears of a recession. So much for conventional bonds acting as a 'safe haven'. This should not come as a surprise to regular readers of this report, as we have written about the vulnerability of conventional bonds for some time.

What was the impact on the fund? We made positive returns in each of the first three months of this year as both equities and bonds ended up in negative territory. During March, long-dated inflation-linked bonds ('linkers') fell in value as yields rose faster than inflation expectations, but our interest rate options – which profit from rising yields – more than offset this fall in value. Active duration management via derivatives continues to be essential to the fund's resilience in a rising yield environment. Long linkers remain a key holding for the world we are heading into and so this balance will be maintained.

While fixed income volatility hasn't been this high since the global financial crisis, equity markets look increasingly complacent, with many recovering all losses since the start of the Ukraine war. We trimmed equity exposure to 35%, reflecting greater uncertainty, and took profits in some equity derivative protections. Overall, equities were a positive contributor for the month, with energy stocks once again leading the charge.

Commodity markets continued to perform well with higher prices helping the Australian dollar, where we now have around 5% exposure. In World War II, America was famously dubbed the 'great arsenal of democracy'. In the era ahead, Australia looks set to be the 'great arsenal of commodities' for western democratic states. On top of this, Australian pension funds may soon start to close their net short position in their domestic currency, adding a further kicker to the Aussie dollar. The allocation was funded from the US dollar.

Finally, we added 2% to bullion exposure. Gold exposure and gold mining equities were the largest positive performance driver during the month. Total gold exposure in the portfolio is now around 11%.

In the near term, the path ahead remains highly uncertain – as ever, we aim to be resilient whatever happens. Longer term, covid and the Russia-Ukraine war mark successive great accelerations towards the more inflation-prone and volatile era ahead. We believe we have the right asset mix to deal with the challenges and to capture the opportunities in this new regime.

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 31 March 2022	p
March 2022	1.9	Accumulation	177.73
Year to date	5.5	Income	148.61
1 year	8.0		
3 years	37.2		
5 years	35.2		
10 years	79.7		

12 month performance to March %	2018	2019	2020	2021	2022
Charity Assets Trust Acc	-0.6	-0.8	4.3	21.8	8.0
FTSE All-Share TR	1.2	6.4	-18.5	26.7	13.0
FTSE Govt All-Stocks TR	0.5	3.7	9.9	-5.5	-5.1

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 31 Mar 2022

Asset allocation



Asset allocation %

● Illiquid strategies and options	13.5
● Gold exposure and gold equities	11.0
● Long-dated index-linked gilts	10.7
● Index-linked gilts	10.2
● Non-UK index-linked	9.3
● Short-dated bonds	6.4
● Cash	2.7

● UK equities	14.4
● North America equities	7.0
● Japan equities	7.0
● Europe equities	6.1
● Other equities	1.6

Currency allocation %

● Sterling	60.8
● US dollar	16.4
● Yen	8.4
● Australian dollar	5.5
● Euro	1.3
● Other	7.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.6
Shell	2.5
Banco Santander	1.3
ORIX Corporation	1.3
Cigna	1.2
Bayer	1.2
American Express	1.0
Vodafone Group	1.0
AstraZeneca	1.0
NEC	0.9

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	5.0
US Treasury 0.625% TIPS 2023	4.8
US Treasury 0.375% TIPS 2023	3.2
UK Treasury index-linked 0.125% 2068	3.1
UK Treasury index-linked 2.5% 2024	3.1

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

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Fund size **£190.0m**

Fund information

	%
Ongoing Charges Figure	1.08
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.36
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
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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 28 February 2022, assets managed by the Ruffer Group exceeded £25.3bn.

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