

Charity Assets Trust

Positive absolute returns with low volatility for charities

During August, the fund price rose by 0.2%. This compared to the FTSE All-Share TR which fell by 1.7% and a fall of 7.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

August commenced with markets continuing to bask in the summer sun, as a softer than expected inflation release fed the narrative that the US economy was passing peak inflation with no signs of weakness in the labour market. This was the 'goldilocks' style environment many investors were longing for, but it appears incompatible with the likely path of monetary policy. We felt this rally would ultimately be self-defeating since rising equity prices (among other measures) are catalysts for looser financial conditions – the very opposite of the tightening the Federal Reserve hopes to enforce on the economy. The party pooper on this occasion was Federal Reserve Chair Jerome Powell, speaking at the annual Jackson Hole economic symposium. In contrast to recent communications, which had given some the hope the Fed was reaching for the pause button, Powell left little doubt they remain resolute in the battle to combat the current period of high inflation. One regional Fed president even noted his satisfaction with the equity market's negative response to Powell's speech – oh, how times have changed!

For investors, this amounted to another difficult month in an already challenging year. Developed market equities fell, whilst bond markets suffered as yields rose sharply. Yield rises were most pronounced in Europe as expectations responded to the advancing energy price crisis and the likelihood of further interest rate rises. Despite the expected rise in inflation, which some forecasters estimate will exceed 20% in the UK, longer term inflation expectations remain anchored to historic averages, creating a headwind for the fund's long-dated, index-linked gilts. Despite this backdrop, the fund delivered a positive return led by notable contributions from interest rate payer swaptions, which benefit from rising yields, and our other less conventional protective assets. The fund's equity exposure fared better than wider indices in part due to our tilt towards energy, with BP rising by 10% over the month.

In a world where interest rates are rising and liquidity is being drained from the financial system (the pace of quantitative tightening in the US is doubling from September), our focus is firmly on our primary investment objective of capital preservation. Following a decade where the investment mantra was best summarised by TINA (There is No Alternative) as those seeking returns were forced to absorb ever more risk, investors are now offered a genuine alternative in the form of higher short-term interest rates on cash. We are concerned this will be the catalyst for a reduction in allocations to risk assets, with few areas of safety. Therefore we now have a low weighting to equities, both in absolute terms and relative to our 27 year history, and have bolstered our unconventional protections to defend the portfolio should financial markets fall further. This should not be viewed as a low conviction portfolio, rather one that is well placed to protect from potential turbulence ahead.

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.



August 2022 Issue 126

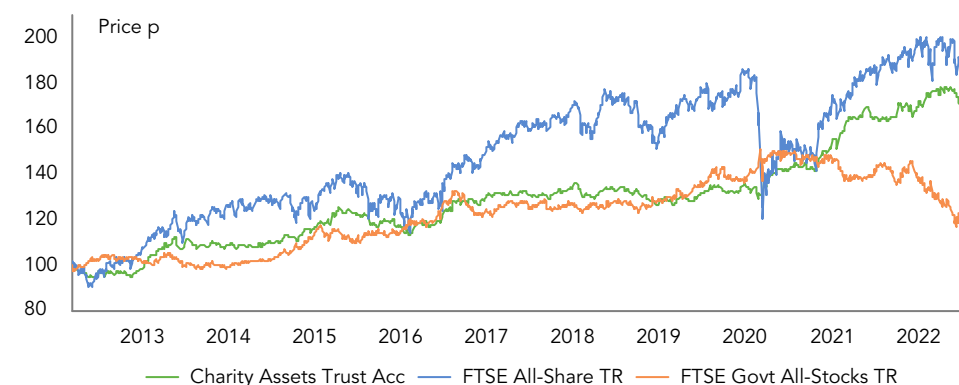
Investment objective

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 August 2022	p
August 2022	0.2	Accumulation	172.30
Year to date	2.3	Income	142.96
1 year	5.0		
3 years	27.8		
5 years	30.7		
10 years	78.1		

12 month performance to June %	2018	2019	2020	2021	2022
Charity Assets Trust Acc	1.9	-1.8	8.7	15.6	4.0
FTSE All-Share TR	9.0	0.6	-13.0	21.5	1.6
FTSE Govt All-Stocks TR	1.9	4.9	11.2	-6.2	-13.6

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 31 Aug 2022

Asset allocation



Currency allocation



Asset allocation %

Short-dated bonds	27.3
Illiquid strategies and options	18.0
Non-UK index-linked	14.4
Index-linked gilts	12.6
Long-dated index-linked gilts	7.2
Cash	4.0
Gold exposure and gold equities	1.6

UK equities	5.4
North America equities	3.6
Europe equities	2.7
Japan equities	2.4
Other equities	0.8

Currency allocation %

Sterling	74.3
Yen	13.2
Australian dollar	7.5
Euro	2.2
US dollar	1.6
Other	1.2

10 largest equity holdings*

Stock	% of fund
BP	2.0
NEC	0.8
Aena SME SA	0.7
Hertz	0.7
Harmony Energy	0.5
Unilever	0.5
Fuji Electric	0.5
Rohm	0.5
Royal Vopak	0.5
Schroder BSC Social Impact Trust	0.5

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.2
US Treasury 0.125% TIPS 2023	4.9
US Treasury 0.375% TIPS 2023	4.9
US Treasury 0.625% TIPS 2023	4.6
US Treasury FRN 2023	3.9

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size £220.8m

Fund information

Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.47
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 & Depository (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

Jos North

INVESTMENT DIRECTOR

Joined Ruffer in 2012, having graduated from Edinburgh University with an MA Honours in French and Spanish. He became a member of the Chartered Institute of Securities & Investment following completion of the CISI Diploma, receiving the highest mark in that year. He manages portfolios predominantly for institutional clients.



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 July 2022, assets managed by the Ruffer Group exceeded £25.9bn.

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