Charity Assets Trust

Positive absolute returns with low volatility for charities

June recorded a further positive month for global equities, and a frustrating one for the portfolio, marking what has been a disappointing six month period in the context of our focus on capital preservation.

Markets have increasingly tried to consign 2022 to history. A bad dream, but no more. The prospect of a recession has led to a belief that rates might come down as quickly as they have risen. Supported by plentiful liquidity, stability has dominated. We have been more worried about the potential for instability. Suffering pain in our protective investments is not new, but we would usually hope that this would be offset by good performance from our growth assets. The path for stability described above, in our opinion, would necessitate continued strength in the real economy. We felt this would largely be predicated on continued recovery from China, supported by both stimulus and a powerful re-opening. This led us to focus our growth assets on both commodities, and equities more geared to the real economy. So far, this has not been the case, commodities have created a further headwind. Equally, whilst our equities have contributed positively, this has not been sufficient to offset the cost of protection.

Currently markets are increasingly certain policy makers will successfully be able to bring inflation back to target and will do so without creating any financial instability. The much-fabled soft landing will play out. Meanwhile, with interest rates moving higher than expected, and likely to stay high for longer, the impacts of tighter monetary policy are starting to be felt. This is already having consequences. This will inevitably, and intentionally, slow the economy. Despite this obvious risk, markets remain certain the risks will be contained. Investors are now willing to buy into equities (and indeed corporate credit) despite the fact they now offer a lower return (and higher risk) than cash! We are increasingly taking the other side of this perceived certainty.

The protections in the portfolio are threefold: structural protection against a new regime which is likely to be characterised by rising and more volatile levels of inflation; shorter-term (and powerful) protection against the potential financial instability caused by tighter liquidity and higher interest rates; and protection against the likely recession that will follow. For the moment, investors seem to be growing in confidence that policy makers will be able to successfully navigate the narrow tightrope of stability. Tightening policy sufficiently to maintain monetary (or inflation) stability, without creating financial instability. We are less convinced. Taking a cautious view can be painful, but history tells us that not long after these periods the risks emerge, leading to significant drawdowns in markets.

RUFFER

C class June 2023 **Issue 136**

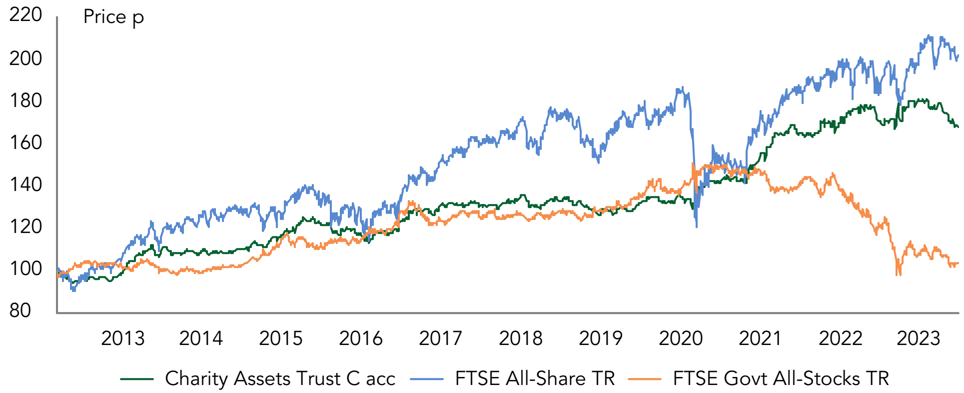
Investment objective

The fund will follow an 'absolute return' investment strategy. This means the Manager will not endeavour to track or 'outperform' a specific benchmark or stock market index, but instead seek to generate consistent positive returns regardless of the prevailing market conditions. The Manager expresses its absolute return approach through two principal investment objectives for the fund: 1) preservation of capital, which the Manager defines as not losing money on a rolling 12 month basis and 2) delivering consistent positive returns (through a combination of capital and income) greater than the return on cash (as defined by the Bank of England Bank Rate).

Responsible Investment Policy

The fund has strict restrictions on investment in alcohol, armaments, gambling, pornography, predatory lending, 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



C Accumulation units	Performance %
June 2023	-1.2
Year to date	-7.2
1 year	-1.8
3 years	18.0
5 years	26.0

Unit price as at 30 June 2023	**p**
C Accumulation	**168.04**
C Income	**137.70**

12 month performance to June %	2019	2020	2021	2022	2023
Charity Assets Trust C acc	-1.8	8.7	15.6	4.0	-1.8
FTSE All-Share TR	0.6	-13.0	21.5	1.6	7.9
FTSE Govt All-Stocks TR	4.9	11.2	-6.2	-13.6	-14.5

Source: Ruffer LLP, FTSE International

Charity Assets Trust as at 30 Jun 2023

Fund size £519m

Asset allocation

Currency allocation

Asset allocation	%
Short-dated bonds	22.9
Index-linked gilts	16.8
Illiquid strategies and options	13.6
Long-dated index-linked gilts	8.3
Non-UK index-linked	8.0
Cash	6.9
Gold exposure and gold equities	5.4
UK equities	7.8
North America equities	2.7
Commodity exposure	2.7
Asia ex-Japan equities	2.2
Europe equities	1.9
Japan equities	0.4
Other equities	0.3

Currency allocation	%
Sterling	56.2
Yen	18.1
US dollar	11.8
Australian dollar	8.0
Euro	0.2
Other	5.7

10 largest equity holdings*

Stock	% of fund
BP	4.5
Taiwan Semiconductor Manufacturing Co	0.8
Alibaba Group Holding	0.7
Swire Pacific	0.5
Harmony Energy	0.5
Agnico Eagle Mines	0.4
Gresham House Energy Storage Fund	0.4
PRS REIT plc	0.4
Schroder BSC Social Impact Trust	0.4
Royal Vopak	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	8.5
UK Treasury index-linked 0.125% 2026	4.7
Japanese govt bonds 0.005% 1 May 2024	4.5
Japanese govt bonds 0.005% 1 Apr 2024	4.5
Japanese govt bonds 0.005% 1 Jun 2024	4.3

*Excludes holdings in Ruffer funds

Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund information

	%
Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.77
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	12.00pm on Wednesday (where this is a business day) and the last business day of the month
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	Eversheds Sutherland (International) 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 and now leads Ruffer's UK institutional business, including UK defined benefit, defined contribution and local government pension schemes, and UK charities. He is a member of the CISI, following completion of the CISI diploma and co-manages two of Ruffer's flagship funds.

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 DIRECTOR

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 May 2023, assets managed by the Ruffer Group exceeded £25.2bn.

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