

Charity Assets Trust

Positive absolute returns with low volatility for charities

During April, the fund price rose by 0.5%. This compared with a rise of 4.3% in the FTSE All-Share index and a rise of 0.5% in the FTSE Govt All Stocks index (all figures total returns in sterling).

After one of the worst quarters for US bonds this century, and the steepest fall in the Barclays Long Treasury Index in 40 years, it was inevitable there would be some form of pause. Having peaked on 31 March at 1.74%, the US 10 year bond yield finished the month at 1.63%. This move lower boosted the performance of the fund's positions in gold and inflation-linked bonds.

Earlier this year, gold had been doubly punished by the combination of rising yields and a rallying US dollar, but two recent tactical changes in the portfolio's asset allocation have helped performance. First, we added to bullion and selected gold mining equities during the first quarter of this year, having reduced gold exposure last summer in anticipation of a reflationary shift in markets ahead of the vaccine announcements in November. The fund's gold-related investments added 0.3% during the month. Secondly, we took profits in some of the interest rate options that protected the fund so effectively as bond yields rose during the first quarter of 2021, thereby allowing us to capture some of the rebound in inflation-linked bonds. This combination of index-linked bonds, gold and interest rate protections, having been essentially neutral during the first quarter, contributed positively as US bond yields receded.

So, where next? Was April a pause for breath before a further move higher in yields and consequent move lower in bond prices? We think so. But, there will be an important shift in emphasis – we have probably seen the end of US reflation in isolation. The next leg down for conventional bonds will probably be driven by positive growth surprises from Europe, as the continent sees a sustained pick-up in vaccination rates and starts to exit from lockdown. At the same time there appears to be growing political support for meaningful fiscal policy deployment in the coming months. This is a playbook we have already seen, except the baton is being passed from the US to continental Europe. It was instructive that the German 10 year bund yield rose 9bps over the month, in stark contrast to the moves seen in the US.

The fund's index-linked bonds, which we reduced slightly through sales of US TIPS during April, are shielded by interest rate options so they retain their inflation protection, but are buttressed against the powerful economic rebound we expect to see through 2021. The fund's equities remain concentrated in economically sensitive and cyclical companies. This equity bias, combined with protection against rising nominal bond yields, means the fund is positioned for reflation, but still protected from inflation. In a world where fiscal policy dominates, inflation is the risk all investors should be guarding against. But conventional portfolios, hamstrung by the fallacy of benchmarks, are pointing in the wrong direction. They back-test well in the disinflationary world of the last 40 years, but are institutionally wired to the assets that performed well in the last market regime rather than to those opportunities which exist in the new one.

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.



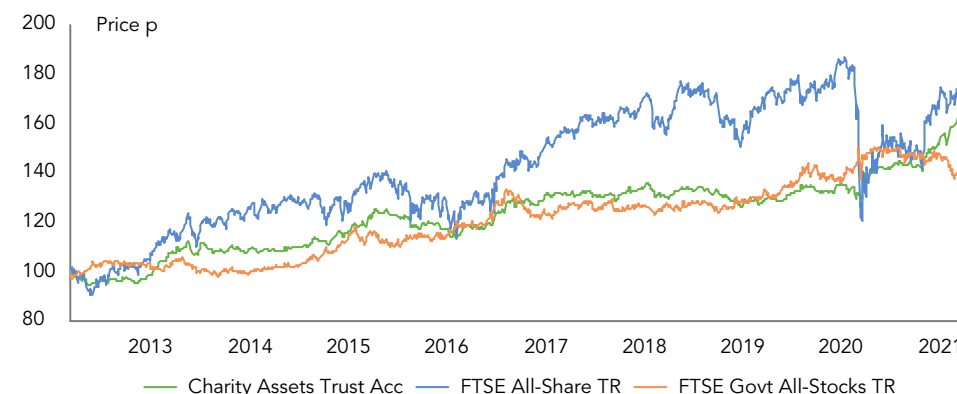
Investment objective

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 April 2021	p
April 2021	0.5	Accumulation	165.31
Year to date	8.9	Income	139.67
1 year	17.1		
3 years	24.7		
5 years	39.3		

12 month performance to March %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	10.5	-0.6	-0.8	4.3	21.8
FTSE All-Share TR	22.0	1.2	6.4	-18.5	26.7
FTSE Govt All-Stocks TR	6.6	0.5	3.7	9.9	-5.5

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 30 Apr 2021

Asset allocation



Asset allocation %

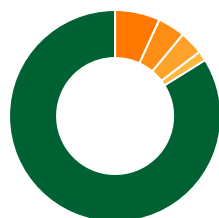
● Illiquid strategies and options	12.2
● Short-dated bonds	11.7
● Long-dated index-linked gilts	9.7
● Cash	9.2
● Gold and gold equities	6.9
● Non-UK index-linked	5.7
● Index-linked gilts	4.4

● UK equities	16.2
● Japan equities	8.0
● Europe equities	7.7
● North America equities	7.7
● Asia ex-Japan equities	0.6

Currency allocation %

● Sterling	83.7
● Gold	6.9
● US dollar	4.1
● Euro	1.8
● Other	3.5

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	3.1
Lloyds Banking Group	2.6
Countryside Properties	2.0
Barclays	1.8
NatWest Group	1.7
Equinor	1.6
Kinross Gold	1.4
Alexion Pharmaceuticals	1.2
Cigna	1.1
Newmont Mining	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury 0.125% 2023	6.1
UK Treasury index-linked 1.875% 2022	4.4
US Treasury 0.125% TIPS 2022	3.5
UK Treasury index-linked 0.5% 2050	3.2
UK government 8.0% 2021	3.0

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

Please note that the Charity Assets Trust is an unregulated collective investment scheme (UCIS) available only to eligible charities as defined overleaf.

Fund size **£156.3m**

Fund information

		%
Ongoing Charges Figure		1.18
Annual management charge		1.0 + VAT
Maximum initial charge		1.0
Yield		1.2
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

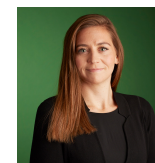
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and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



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2021, assets managed by the Ruffer Group exceeded £22.2bn.

Dealing line

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