

Charity Assets Trust

Positive absolute returns with low volatility for charities

During June the fund price fell by 2.7%. This compared with a rise of 0.2% in the FTSE All-Share Index, and a rise of 0.7% in the FTSE All Stocks Index (all figures are total returns in sterling).

The June meeting of the US Federal Reserve was always going to be closely watched. With the US economy continuing to re-open, US employment levels recovering, and inflationary pressures rising, investors were on the lookout for any change from the Fed's hitherto very accommodative stance. Market action in response to the meeting confirmed investors' faith in the omnipotence and omniscience of central banks remains undimmed. The Fed's commentary fully acknowledged recent surging inflation prints, nascent wage growth and increasing bottlenecks. This prompted short-term bond yields to rise, confirming US interest rates might begin to rise slightly sooner than originally thought. The fact long bond yields actually fell after the meeting, suggests markets have totally bought the Fed view that present inflationary pressures will be merely transitory, and only the slightest tap of the brakes should be necessary to bring everything back under control.

These dynamics were undeniably unhelpful for the portfolio in the later part of June. The decline in long bond yields took the wind out of the sails of the portfolio's cyclical and financial equities. The rising US dollar, reflecting the slight change in interest rate expectations, hobbled gold, while the feeling all would be 'right on the inflation night' caused breakevens to fall.

We continue to believe growth expectations in the eurozone are underpriced, and less exuberant growth in the US can thus be compensated elsewhere. We are also sceptical of the view of inflation as transitory. Our reasons for this view have been well rehearsed on prior occasions, but recovering wage growth, eye-watering government spending the world over, fractured supply chains and the fact not all capacity will return post-pandemic are only a few. However, we are not bullet-headed. We have always said the road to the inflationary end game would encompass many diversions, and have its bumpy moments when our views might look well offside. To protect against such discomforts, we have increased the portfolio's US dollar exposure on a tactical basis and trimmed the gold bullion position. If there is one indicator the reflation trade is intact, it is that the US dollar should be declining. Thus, as we watch the economic data in the coming months, a higher exposure to the US currency, even if only on a short-term basis, seems to us an entirely appropriate way of expressing our long-held aspiration to be approximately right rather than exactly wrong.

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.



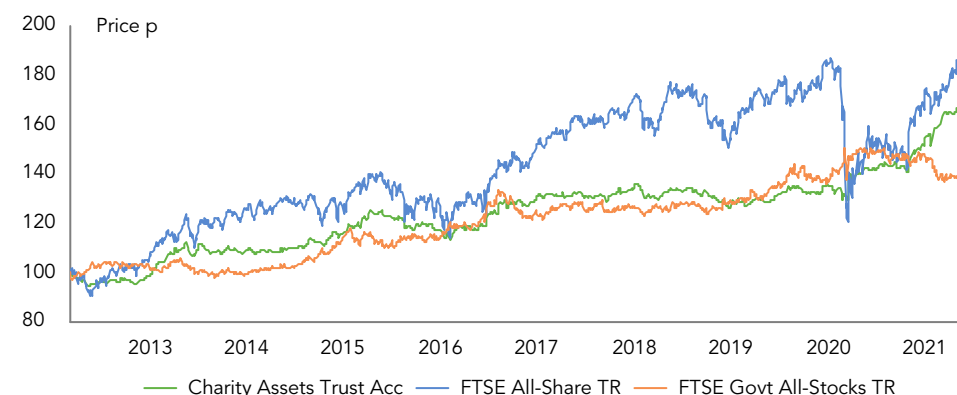
Investment objective

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 June 2021	p
June 2021	-2.7	Accumulation	164.59
Year to date	8.4	Income	139.06
1 year	15.6		
3 years	23.4		
5 years	34.4		

12 month performance to June %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	6.9	1.9	-1.8	8.7	15.6
FTSE All-Share TR	18.1	9.0	0.6	-13.0	21.5
FTSE Govt All-Stocks TR	-0.9	1.9	4.9	11.2	-6.2

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 30 Jun 2021

Asset allocation



Asset allocation %

Long-dated index-linked gilts	12.9
Cash	10.3
Short-dated bonds	10.1
Index-linked gilts	9.6
Illiquid strategies and options	8.0
Non-UK index-linked	5.7
Gold and gold equities	4.5
UK equities	15.3
North America equities	8.2
Japan equities	6.8
Europe equities	6.5
Other equities	1.5
Asia ex-Japan equities	0.5

Currency allocation



Currency allocation %

Sterling	80.4
US dollar	7.5
Gold	4.5
Euro	2.2
Yen	0.2
Other	5.2

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.6
NatWest Group	2.5
Countryside Properties	1.8
Equinor	1.6
Royal Dutch Shell	1.4
Alexion Pharmaceuticals	1.3
Barclays	1.2
Kinross Gold	1.2
American Express	1.1
Newmont Mining	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury 0.125% 2023	6.0
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury index-linked 0.125% 2065	4.7
UK Treasury index-linked 1.875% 2022	4.4
US Treasury 0.125% TIPS 2022	3.5

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£158.8m**

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

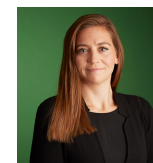
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and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



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 May 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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