

Charity Assets Trust

Positive absolute returns with low volatility for charities

During May, the portfolio rose by 0.2%. This compared to the FTSE All-Share TR which rose by 0.7% and a fall of 3.0% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Inflation concerns were overtaken by those of growing recession risk during the month and therefore our inflation sensitive gold exposure and index-linked gilt holdings cost the portfolio 0.6% and 1.8% respectively. Payer swaptions continued to play a vital role in hedging the portfolio interest rate exposure and contributed 0.7%. A significant positive performance contribution came from energy stocks (+0.7%).

The carnage in the long-dated inflation-linked bond market should not be understated. The 2073 index-linked bond is down 54% from its November 2021 all-time high, falling 22% in May alone. We have long called these assets the 'crown jewels' due to our conviction that they should provide the perfect protection against the world of financial repression we are entering. This remains the case but the sensitivity to rising rates we have warned about has now been felt. This illustrates the distinction we have been labouring; investing for inflation and investing for inflation volatility are not the same thing and conflating the two will be costly. Mr Market will make us crawl through fire for the gift of redemption and derivative protection via the unconventional toolkit remains essential to navigate choppy and dangerous markets. Inflation-linked bonds are now back to pre-Brexit prices - and yet in our assessment the likelihood and proximity of the inflationary denouement is much greater. We believe they offer exceptional asymmetry and we have been buying.

This month saw the UK chancellor impose a windfall tax on energy companies. Setting aside the dubious logic of windfall taxes, the reaction of the stocks was to rise. Ultimately, the setup for companies like BP and Shell is attractive because supply has been constrained due to a combination of a capital cycle and, lately, geopolitical sanctions. This energy crisis is a supply issue that requires supply side solutions. A windfall tax will do little to address the underlying problems, and will perpetuate the supply/demand mismatch which is creating their super-normal profits in the first place. However, crucially, it polls well at a time of popular unrest.

A key question for investors has been whether to buy the dip. The Nasdaq is down 29% from its November 2021 high but we are not convinced that value has emerged. We have only nibbled on equities, more in the pursuit of portfolio balance, than it is bullishness - adding to Japan, Meta and US Housebuilders. The bear market is only beginning to grizzle, the FTSE All-World TR is down only 6% this year. Given the cross-currents in markets and the economy, the short-term is foggy. We must not lose sight of the long-term inflationary dynamics that continue to build and risk eviscerating savers.

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.



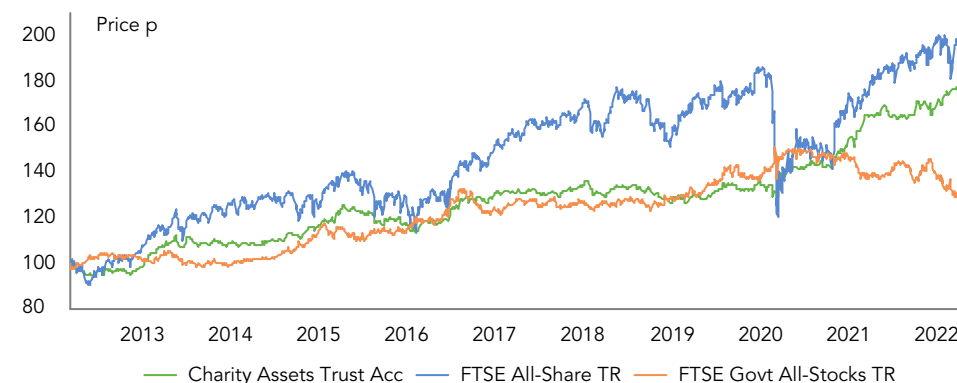
Investment objective

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 May 2022 | p |
|--------------------|---------------|------------------------------|---------------|
| May 2022 | 0.2 | Accumulation | 176.60 |
| Year to date | 4.8 | Income | 147.17 |
| 1 year | 4.3 | | |
| 3 years | 37.3 | | |
| 5 years | 33.3 | | |
| 10 years | 84.1 | | |

| 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 May 2022

Asset allocation



Asset allocation %

| | |
|-----------------------------------|------|
| ● Illiquid strategies and options | 13.9 |
| ● Gold exposure and gold equities | 11.3 |
| ● Index-linked gilts | 9.4 |
| ● Non-UK index-linked | 8.9 |
| ● Long-dated index-linked gilts | 8.9 |
| ● Short-dated bonds | 5.2 |
| ● Cash | 3.0 |

| | |
|--------------------------|------|
| ● UK equities | 13.0 |
| ● North America equities | 10.9 |
| ● Japan equities | 7.4 |
| ● Europe equities | 5.8 |
| ● Asia ex-Japan equities | 0.6 |
| ● Other equities | 1.7 |

Currency allocation %

| | |
|---------------------|------|
| ● Sterling | 67.4 |
| ● Yen | 8.7 |
| ● US dollar | 6.1 |
| ● Euro | 5.7 |
| ● Australian dollar | 5.7 |
| ● Other | 6.4 |

Currency allocation



10 largest equity holdings*

| Stock | % of fund |
|------------------|-----------|
| BP | 2.9 |
| Cigna | 1.5 |
| Sony | 1.4 |
| Shell | 1.3 |
| Vodafone Group | 1.3 |
| Banco Santander | 1.2 |
| ORIX | 1.2 |
| Bayer | 1.1 |
| Aena SME SA | 1.1 |
| American Express | 1.1 |

5 largest bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| US Treasury 0.625% TIPS 2023 | 4.6 |
| UK Treasury index-linked 0.125% 2024 | 4.6 |
| UK Treasury index-linked 0.125% 2068 | 3.2 |
| US Treasury 0.375% TIPS 2023 | 3.1 |
| UK Treasury index-linked 2.5% 2024 | 2.8 |

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£224.1m**

Fund information

| | |
|--------------------------|---|
| | % |
| Ongoing Charges Figure | 1.08 |
| Annual management charge | 1.0 + VAT |
| Maximum initial charge | 1.0 |
| Yield | 1.33 |
| 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

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 30 April 2022, assets managed by the Ruffer Group exceeded £26.2bn.

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