

Charity Assets Trust

Positive absolute returns with low volatility for charities

The fund was marginally down for the month. This compared to the FTSE All-Share TR which rose by 3.1% and a rise of 3.1% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Financial markets were calmer in October compared to the volatility of recent months. Surveys suggest investors entered the fourth quarter with a sense of dread, indicating they were as bearish as they had been for some time and simply hoping the year would end! Given this starting position, it is perhaps unsurprising financial assets generally rallied in the absence of further bad news. This rally was not universal, and although the Dow Jones enjoyed its best month since 1976, up 14%, the much-vaunted tech sector suffered substantial falls.

There was growing hope central banks would begin to slow their path of interest rate rises, and potentially even begin to hint at pivoting towards future cuts. At the same time, a relatively warmer autumn helped European gas prices fall, removing some shorter-term inflationary pressures. In the UK, the end of Liz Truss's brief term as prime minister, and the junking of her economic plans saw calm return to the gilt markets, which had been the epicentre of market volatility. All these things helped to boost market sentiment. Against this backdrop, the fund's performance was marginally down. Despite their low weighting, the fund's equity positions were a positive contributor (+1.0%) to returns, while the main headwinds were the unconventional protections (-0.7%). The resurgence in sterling also saw the positions in the US dollar and the yen contribute negatively.

Last month we described a move into long dated US inflation-linked and conventional bonds. We continued this move throughout October. We entered 2022 with our duration position almost entirely hedged, we now have around eight years of duration in the fund. We have also taken some profits in the UK inflation-linked gilts bought at extremely attractive prices at the nadir of the post 'mini-budget' crisis.

Our structural view remains that we have moved into a new regime, characterised by higher and more volatile inflation. Structurally higher inflation means we remain in a bear market for both bonds and equities. Inflation will also be more volatile and there will be periods when it might decline meaningfully. During these phases of falling inflation, we will need to participate in potentially powerful bond rallies. This is unequivocally not a reversion to the regime of the last four decades, but an acknowledgment that the path to the new regime is unlikely to be linear. Active management, including the use of cash, will continue to be key to driving returns.

By the time we publish, the Federal Reserve will have announced the results of its 2 November meeting. There is much hope they will pivot in response to growing fears of a global recession. They will not be enthusiastic to see equity markets rally. Given the continued focus on financial conditions and inflation, we suspect any such rally might only be short lived.

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.



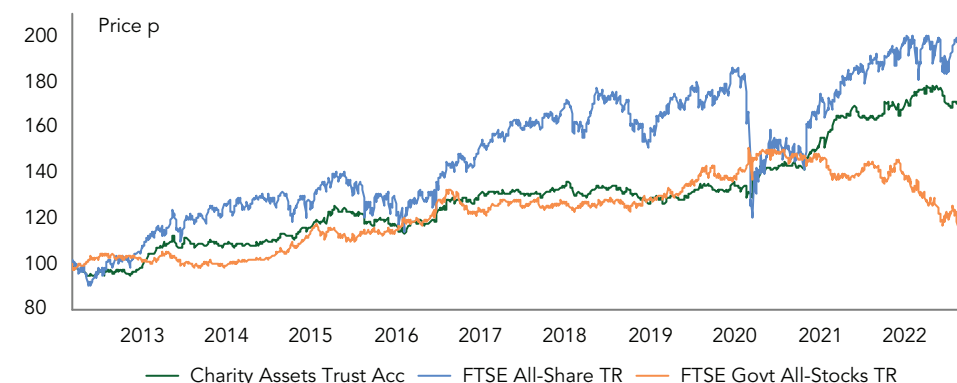
Investment objective

The fund 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, 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 October 2022	p
October 2022	-1.8	Accumulation	176.08
Year to date	4.5	Income	145.56
1 year	4.7		
3 years	32.6		
5 years	33.0		
10 years	83.1		

12 month performance to September %	2018	2019	2020	2021	2022
Charity Assets Trust Acc	2.6	0.3	6.7	15.8	8.2
FTSE All-Share TR	5.9	2.7	-16.6	27.9	-4.0
FTSE Govt All-Stocks TR	0.6	13.4	3.4	-6.8	-23.3

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 31 Oct 2022

Asset allocation



Asset allocation %

● Illiquid strategies and options	18.2
● Short-dated bonds	15.5
● Index-linked gilts	14.8
● Long-dated bonds	12.5
● Long-dated index-linked gilts	10.4
● Non-UK index-linked	7.7
● Cash	4.3
● Gold exposure and gold equities	3.4

Currency allocation



Currency allocation %

● Sterling	71.3
● Yen	11.7
● US dollar	7.4
● Australian dollar	7.1
● Euro	1.4
● Other	1.1

10 largest equity holdings*

Stock	% of fund
BP	2.0
NEC	0.7
Hertz	0.7
Royal Vopak	0.6
Associated British Foods	0.6
Unilever	0.5
Harmony Energy	0.5
Schroder BSC Social Impact Trust	0.4
Rohm	0.4
Fuji Electric	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.5
UK Treasury index-linked 2.5% 2024	4.6
UK Treasury index-linked 0.125% 2068	4.2
US government 0.125% 2051	4.0
UK Treasury 0.125% 2073	2.4

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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Fund size **£244.6m**

Fund information

	%
Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.44
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 30 September 2022, assets managed by the Ruffer Group exceeded £26.5bn.

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