

Charity Assets Trust

Positive absolute returns with low volatility for charities

During November the fund was up 2.3%. This compared to the FTSE All-Share TR which rose by 7.1% and a rise of 2.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Following three consecutive negative quarters across almost all asset classes, the final quarter of 2022 is at last delivering some seasonal cheer for investors. November saw strong gains in both equities and bonds, though obviously not digital assets thanks to the collapse of FTX. This late burst of optimism is founded on the hope that inflation is finally peaking, though by now it clearly no longer warrants either the 'transitory' or 'temporary' labels. Evidence supporting the long-awaited peak in inflation arrived mid-month with US CPI below expectations and crucially lower than previous year on year readings. This sparked a sharp rally in both equities and bonds, as did US Federal Reserve Chair Powell's unexpectedly dovish speech on the very last day of the month. Investors may want to consider, however, whether such short-term volatility (one day gains for US equities of 5% and 3%) really constitutes a sound base for a sustained rally.

We have no argument with the idea that inflation (at least in the US) may have peaked and could fall quite sharply in coming months. Where we disagree with both central bank forecasts and market expectations is in their faith that inflation will return to target anytime soon. We think wage rises will make inflation stickier than predicted and see evidence for this in the strength of both US and UK private sector wage inflation, plus the depressing sight of increasing numbers of strikes here in the UK. This, plus concerns that markets currently underestimate the impact on corporate profits of a likely recession next year, has made us nervous of adding to equities. Instead, we added risk into portfolios through long-duration inflation linked bonds, principally in the US. These holdings performed strongly in the recent market rally.

Ruffer aims to deliver 'all weather' returns whatever happens in financial markets, and we do this by holding a combination of fear (protection) and greed (growth) assets. Over the last 20 years this approach has delivered a positive correlation to stock markets when they are healthy, so we aim to harvest a proportion of equity gains in the good times. However, we have been negatively correlated to equities when times are more difficult, protecting investors in each of the major stock market crises of the last quarter century. This year has been no exception. Ruffer portfolios were negatively correlated to both equities and bonds as they fell sharply earlier in the year. Adjustments to the portfolio meant it was positively correlated to equities in November, as markets staged a recovery. Such 'perfect' shifts in correlation cannot be expected every month, but it is reassuring to see both sides of our investment approach in good working order.

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.



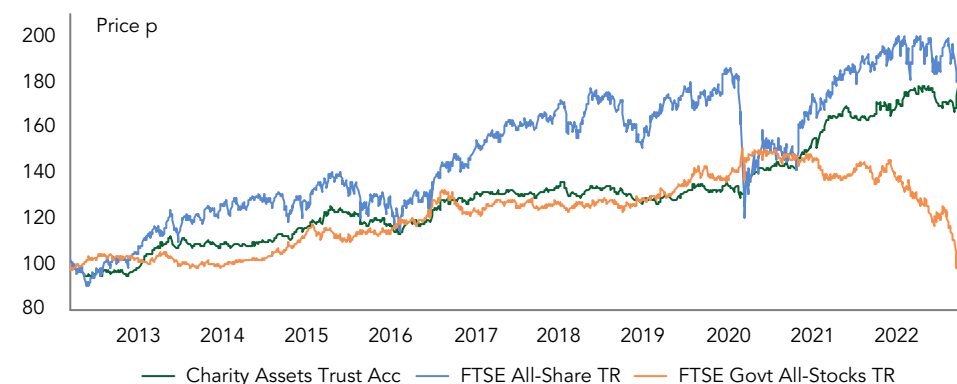
Investment objective

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 30 November 2022	p
November 2022	2.3	Accumulation	180.15
Year to date	6.9	Income	148.93
1 year	7.0		
3 years	35.5		
5 years	35.6		

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

Charity Assets Trust as at 30 Nov 2022

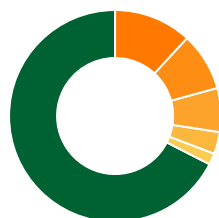
Asset allocation



Asset allocation %

Short-dated bonds	23.5
Illiquid strategies and options	17.0
Index-linked gilts	14.1
Cash	7.9
Long-dated bonds	6.8
Non-UK index-linked	6.4
Long-dated index-linked gilts	6.4
Gold exposure and gold equities	4.9

Currency allocation



Currency allocation %

Sterling	67.6
Yen	11.8
US dollar	9.0
Australian dollar	6.7
Euro	1.7
Other	3.2

10 largest equity holdings*

Stock	% of fund
BP	1.9
Royal Vopak	0.7
NEC	0.7
Harmony Energy	0.5
PRS REIT plc	0.5
Unilever	0.5
Associated British Foods	0.5
Rohm	0.4
Schroder BSC Social Impact Trust	0.4
Fuji Electric	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.1
US Treasury 0.125% TIPS 2052	5.7
US Treasury 0.125% TIPS 2051	4.6
UK Treasury index-linked 2.5% 2024	4.4
UK Treasury index-linked 0.125% 2068	3.2

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size £257.7m

Fund information

	%
Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.37
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

ISIN	Accumulation GB00B740TC99	Income GB00B7F77M57
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SEDOL	B740TC9	B7F77M5
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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 the University of Edinburgh with an MA Honours in French and Spanish. He became a member of the CISI following completion of the CISI Diploma. He manages portfolios predominantly for institutional clients and is co-manager of 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 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 October 2022, assets managed by the Ruffer Group exceeded £25.1bn.

Dealing line

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