

Charity Assets Trust

PERFORMANCE SINCE LAUNCH ON 8 MARCH 2012



October saw a sell-off in bond and equity markets, with both the benchmark US ten year Treasury bond and the MSCI World equity index falling by over 3%. It was the sixth consecutive month of losses for Treasuries and the third consecutive month of losses for the equity market.

Rising bond yields (so falling bond prices) since the summer have been driven by resilient economic data, a theme that continued in October, and by further increases in forecasts for US government spending. Something that also looks set to continue, with the conflict in the Gaza strip adding further to US defence and foreign aid spending.

In the portfolio, although the protections worked (especially credit) and the balance of the portfolio was much improved as compared to earlier in the year, the muted nature of the equity sell-off so far has meant that these gains were insufficient to fully offset the losses from our bond holdings.

It has long been our belief – expressed on these pages almost every month this year – that rising bond yields would, slowly then suddenly, cause damage to financial markets and thereafter the wider economy. Wary of the timing of such an event, we have kept the portfolio relatively lightly positioned this year, but that has not prevented it from failing to deliver on Ruffier’s core objective of preserving capital over a rolling 12 month period. Whilst similar previous rolling 12 month losses for the Ruffier portfolio have historically heralded significant downturns in markets (and ensuing positive returns for the portfolio), that is scant consolation at this point.

In October, however, we drew a line in the sand. The bond market narrative shifted from ‘recession is still a possibility’ to ‘definitely a soft landing’, with long-dated US yields rising through the important 5% level as a result. This shift gave us an attractively priced opportunity to significantly increase the portfolio’s interest rate sensitivity (duration), with investors seemingly comfortable that both the economy and financial markets can support higher interest rates for longer. We did so by adding to our existing longer duration position in US TIPS (treasury inflation protected securities) and also buying long-dated nominal government bonds for only the second time since the financial crisis (the previous time being the prior high in yields in October 2022).

It is our firm view that bond yields cannot rise further from here without doing significant damage to both the real and financial economies. In the short term the opposite may be more likely – that bond yields come down, giving markets a temporary fillip – and we should benefit from such an outcome through the fund’s increased duration. However, signs are increasingly visible that high interest rates are causing damage in financial markets (struggling small caps, utilities and banks) and now also in the real economy (higher corporate delinquencies, falling job openings and sky high mortgage rates). So far, this year has been a difficult one for our portfolio and a trying time for our investors, but we feel the fund is well set to deliver on our aims in the volatile environment to come.

C CLASS OCTOBER 2023

Performance C acc %	GBP
October	-1.0
Year to date	-9.7
1 year	-7.2
3 years pa	4.9
5 years pa	4.5
10 years pa	4.0
Since inception pa	4.3

Share price, p	
C GBP acc	163.39
C GBP inc	132.34
Dividend yield	2.2

	Net	Gross
Duration (years)	5.0	6.2
Equity exposure %	15.8	13.6

C acc GBP	Volatility %	Sharpe	Sortino
3 years	7.0	0.5	0.7
5 years	6.9	0.5	0.8
10 years	5.9	0.5	0.9
Since inception	5.9	0.6	1.0

12 month performance to 30 September 2023

%	2019	2020	2021	2022	2023
CAT C acc	0.3	6.7	15.8	8.2	-7.9
FTSE All-Share TR £	2.7	-16.6	27.9	-4.0	13.8
FTSE Gt All-Stocks TR £	13.4	3.4	-6.8	-23.3	-2.5

One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, FTSE International. 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

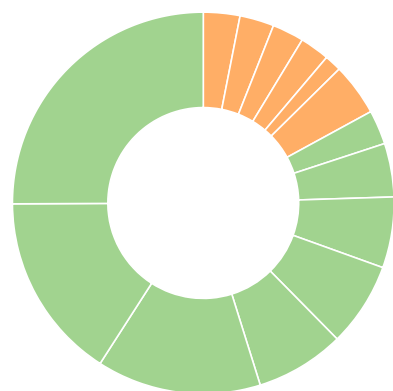
The fund will follow an ‘absolute return’ investment strategy. This means the Manager will not endeavour to track or ‘outperform’ a specific benchmark or stock market index, but instead seek to generate consistent positive returns regardless of the prevailing market conditions. The Manager expresses 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, predatory lending, 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.

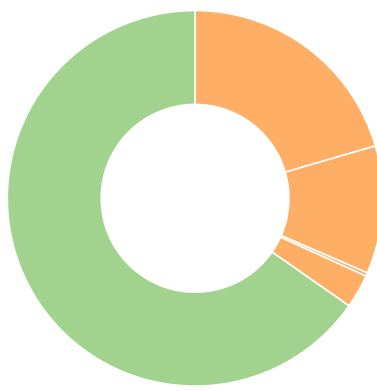
Charity Assets Trust as at 31 Oct 23

ASSET ALLOCATION



Asset allocation	%
Short-dated bonds	25.1
Non-UK index-linked	15.8
Credit and derivative strategies	13.9
Index-linked gilts	7.5
Long-dated index-linked gilts	7.1
Long-dated bonds	6.0
Gold exposure and gold equities	4.5
Cash	2.9
Energy equities	3.1
Financials equities	2.9
Commodity exposure	2.7
Consumer discretionary equities	2.5
Consumer staples equities	1.4
Other equities	4.4

CURRENCY ALLOCATION



Currency allocation	%
Sterling	65.3
Yen	20.5
US dollar	11.0
Euro	0.3
Other	2.9

Geographical equity allocation	%
UK equities	6.3
North America equities	3.2
Asia ex-Japan equities	2.4
Europe equities	2.2
Other equities	0.3

5 LARGEST EQUITY HOLDINGS

Stock	% of fund
BP	3.0
Alibaba Group Holding	0.7
TSMC	0.7
Alibaba Group ADR	0.5
Swire Pacific	0.5

Excludes holdings in Ruffer funds | Source: Ruffer LLP Totals may not equal 100 due to rounding

RUFFER LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2023, assets managed by the Ruffer Group exceeded £24.1bn.

FUND SIZE **£502.5M**

FUND INFORMATION

Annual management charge %	1.0 + VAT	
Maximum initial charge %	1.0	
Minimum investment (or equivalent in other currency)	£500	
Ongoing Charges Figure %	1.14	
Cut offs	12.00pm on Wednesday (where this is a business day) and the last business day of the month	
Dealing frequency	Weekly forward, every Wednesday where this is a business day, plus the last business day of the month	
Ex dividend dates	15 Jan, 15 Apr, 15 Jul, 15 Oct	
Pay dates	15 Mar, 15 Jun, 15 Sep, 15 Dec	
Investment adviser	Ruffer AIFM Limited	
Investment manager	Ruffer AIFM Limited	
Administrator	Bank of New York Mellon (International) Limited	
Custodian	Bank of New York Mellon SA/NV	
Trustee	BNY Mellon Fund & Depositary (UK) Ltd	
Legal advisers	Eversheds Sutherland (International) LLP	
Auditors	Ernst & Young UK LLP	
Structure	Common Investment Fund established under section 24 of The Charities Act 1993	
Unit classes	Accumulation and income	
Share class	ISIN	SEDOL
C GBP acc	GB00B740TC99	B740TC9
C GBP inc	GB00B7F77M57	B7F77M5

ENQUIRIES

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FUND TEAM



Jos North
INVESTMENT DIRECTOR |
FUND MANAGER

Joined Ruffer in 2012 and now leads Ruffer's UK institutional business, including UK defined benefit, defined contribution and local government pension schemes, and UK charities. He is a member of the CISI and co-manages two of Ruffer's flagship funds.



Jenny Renton
INVESTMENT DIRECTOR |
FUND MANAGER

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 DIRECTOR |
FUND 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.

GLOSSARY

Volatility measures the extent to which returns vary over a given period. High volatility means returns have been more variable over time

Duration measures the sensitivity of a bond or fixed income portfolio's price to changes in interest rates. The higher the duration, the more sensitive the price or portfolio is to changes in interest rates

UK Bank Rate the rate the Bank of England charges banks and financial institutions for loans with a maturity of one day

Sharpe ratio measures the performance of an investment, adjusting for the amount of risk taken (compared to risk-free). The higher the ratio, the better the returns compared to the risk taken

Sortino ratio measures the extra return an investment makes for each unit of bad risk (the chance of losing money below a certain target)

DISCLAIMER

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).

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