

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During November the fund price rose by 5%. This compared to a rise of 16.0% in the FTSE All-Share Index and a decrease of 0.5% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

The arrival of Pfizer's efficacy figures for its vaccine on 9 November saw what Jon Dye, our Head of Research, memorably referred to as an "up-crash" in markets and indeed it was one of the most extraordinary days in stock index history. The momentum factor, a popular algorithmic trading strategy that buys the best-performing stocks, whilst going short of the worst-performing stocks, fell by 24% – an eight standard deviation event. Over the month as a whole, the MSCI World equity index (like many others) saw its strongest return (+12.2%) since 1987; for the storied Dow Jones index in the US it was the fourth best month since the Great Depression era (+11.8%).

The fund's average equity position performed similarly strongly rising over 15%, reflecting our ongoing tilt towards recovery-sensitive value stocks. Our equities overall contributed 6.4% to the monthly performance. On the other side of the ledger were those protective assets that performed so strongly in the down-crash of March: options (-1.0%) and gold (-0.6%). The damage here has been limited by profit-taking in recent months.

Conspicuous by its absence from these statistics is the bond market. Bond yields hardly reacted in November. Their progress from here is of enormous importance for asset prices. Equity markets are racing to assert that the vaccine allows the investor a line of sight to strong economic growth in 2021. If bond markets come to share this view, then yields could rise steeply. This would undermine the central foundation of high asset prices. Gold, growth stocks and credit would all suffer. Few assets would benefit with value stocks, especially energy and financial stocks being the exception. These are well represented in the portfolio. If, instead, the US Federal Reserve succeeds in capping bond yields, while taking a relaxed stance on rising inflation, then initially all asset classes may benefit, with the notable exception of the US dollar. Commodities and inflation-linked bonds will likely be at the forefront.

So where now for markets and the fund? Conscious of the economic reality on the ground, the portfolio is protected against a deflationary default cycle with the credit protection strategies that performed so well in March. Our greater conviction, however, is that governments will continue to rely on the now trusted 'More Money Today' strategy of fiscal and monetary stimulus, making today's lockdowns yesterday's concern. The vaccines allow equity markets to see a bridge to a brighter world, just over the horizon. If this is right, then value stocks will have their day in the sun, before the hangover of dealing with the financial cost of the pandemic is truly addressed through financial repression. Our equity exposure is designed to benefit from this interlude and the index-linked bonds are there for the aftermath.

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 November 2020	p
November 2020	5.0	<b>Accumulation</b>	<b>148.41</b>
Year to date	9.4	<b>Income</b>	<b>126.19</b>
1 year	11.7		
3 years	11.8		
5 years	24.1		

12 month performance to September 2020 %	2016	2017	2018	2019	2020
Charity Assets Trust Acc	9.3	1.7	2.6	0.3	6.7
FTSE All-Share TR	16.8	11.9	5.9	2.7	-16.6
FTSE Govt All-Stocks TR	12.6	-3.6	0.6	13.4	3.4

Source: Ruffer LLP, FTSE International (FTSE) †

# Charity Assets Trust as at 30 Nov 2020

## Asset allocation



Asset allocation	%
Non-UK index-linked	18.7
Long-dated index-linked gilts	10.6
Illiquid strategies and options	8.7
Index-linked gilts	8.6
Gold and gold equities	7.5
Cash	6.4

UK equities	13.7
Japan equities	9.4
North America equities	8.9
Europe equities	7.1
Asia ex-Japan equities	0.5

Currency allocation	%
Sterling	81.0
US dollar	7.5
Gold	7.5
Euro	0.5
Yen	0.2
Other	3.3

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	2.5
Lloyds Banking Group	2.3
Countryside Properties	1.7
Sony	1.7
Kinross Gold	1.5
NatWest Group	1.5
Newmont Mining	1.5
General Motors	1.4
Berkshire Hathaway	1.3
ITV	1.3

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	8.6
UK Treasury index-linked 0.5% 2050	3.9
UK Treasury index-linked 0.125% 2068	3.4
US Treasury 1.75% TIPS 2028	3.0
US Treasury 0.25% TIPS 2050	2.9

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

Please note that the Charity Assets Trust is an unregulated collective investment scheme (UCIS) available only to eligible charities as defined overleaf.

Fund size **£139.8m**

## Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.34
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.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2020, assets managed by the Ruffer Group exceeded £19.6bn.

## Dealing line

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