

Charity Assets Trust

Positive absolute returns with low volatility for charities

During October the fund price fell 1.1%. This compared to a fall of 3.8% in the FTSE All-Share Index and a rise of 0.5% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

A low allocation to equities and some profit taking in gold mining shares over the last two months softened the blow but was not enough to mitigate an overall loss in October. Concerns that bothered risk assets in September became more acute in October. Hopes faded of further US fiscal stimulus prior to the election and coronavirus infections surged across Europe bringing further curtailments in economic activity. Equity markets lost ground, with falls ranging from around 3% in the US to 10% in Germany. October illustrated again why we have been concerned for some time about the lack of effective protective assets. As equities fell, traditional haven assets such as US treasuries and gold also declined. Only the US dollar strengthened, validating both our suspicion that it may be one of the last traditional offsets available and its weighting in the fund.

The balanced portfolio of traditional assets is more vulnerable than ever. Our answer is to maintain an allocation to credit protections, which will provide a potent offset to deeper equity market falls, as was the case in the first quarter. We took significant profits earlier this year but once again increased the sensitivity of these positions as the summer ended. We think it is likely that there will be corporate failures before this crisis is resolved. Not every over indebted company will be able to refinance or be rescued by governments.

Whatever the result of the US election, one thing seems certain – government will get bigger and further fiscal support will ensue. Whether this takes the form of tax cuts or a Green New Deal will be a function of both the occupant of the White House and the composition of the Senate. Either way, with inflation deemed quiescent this fiscal support will be accompanied by rock bottom interest rates. A debt dependent recovery will not be able to stomach higher interest rates and higher inflation will be tolerated as the price for rehabilitating the economy. The global fiscal fire hose will eventually have its desired effect. Inflation will emerge like Hemingway's bankruptcy – 'gradually, then suddenly'. Risk assets will enjoy the 'gradually' and hate the 'suddenly'. For this reason, we hold value equities for the heralding of inflation and inflation-linked bonds for when it arrives. Low inflation expectations are underpinning high valuations on many asset prices and 2021 looks like it could be the year when this unravels.

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.



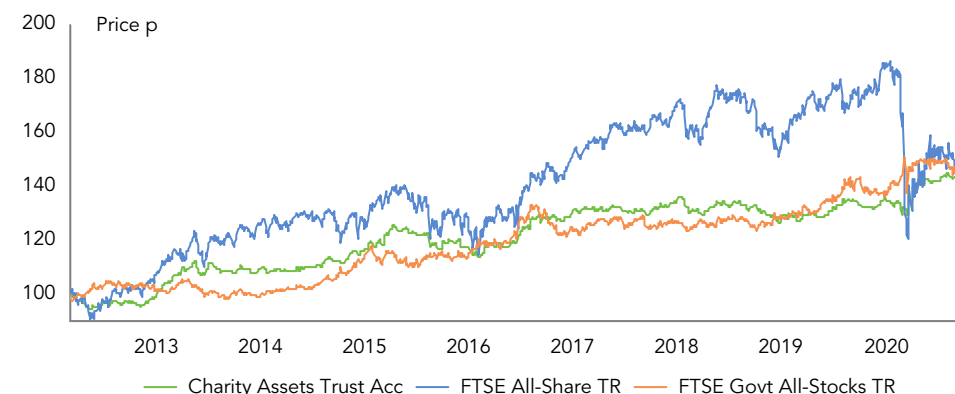
Investment objective

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 October 2020	p
October 2020	-1.1	Accumulation	141.38
Year to date	4.2	Income	120.22
1 year	6.6		
3 years	6.8		
5 years	17.6		

12 month performance to 30 September %	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 Oct 2020

Asset allocation



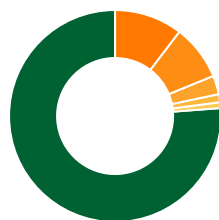
Asset allocation %

● Non-UK index-linked	16.6
● Cash	14.2
● Long-dated index-linked gilts	10.8
● Illiquid strategies and options	9.7
● Index-linked gilts	8.9
● Gold and gold equities	8.6
● UK equities	9.8
● Japan equities	7.9
● North America equities	7.1
● Europe equities	5.5
● Asia ex-Japan equities	0.9

Currency allocation %

● Sterling	76.2
● US dollar	10.2
● Gold	8.5
● Yen	1.3
● Euro	0.8
● Other	3.0

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.8
Lloyds Banking Group	1.8
Kinross Gold	1.8
Newmont Mining	1.7
Sony	1.6
Countryside Properties	1.3
Equinor	1.3
NatWest Group	1.2
General Motors	1.2
Wheaton Precious Metals	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	8.9
UK Treasury index-linked 0.5% 2050	4.0
UK Treasury index-linked 0.125% 2068	3.5
US Treasury 1.75% TIPS 2028	3.2
US Treasury 0.875% TIPS 2029	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 **£134.6m**

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.41
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 30 September 2020, assets managed by the Ruffer Group exceeded £20.0bn.

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