

Charity Assets Trust

Positive absolute returns with low volatility for charities

During December, the fund price rose by 2.3%. This compared with a rise of 3.9% in the FTSE All-Share and an increase of 1.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling). This brought the return for 2020 to +11.9%, which was a good result relative to the fund's objectives, both in terms of the absolute performance and also in the all-weather nature of the positive returns made in rising and falling markets.

Christmas may have been cancelled for millions but, for markets, December continued to proffer gifts: equities, bonds and gold all rose. November's historic vaccine-induced recovery of value stocks may have waned as the second wave broke, but this weakness gave us the chance to add to favoured names. So, too, did the back and forth of political pantomimes. In America, Congress played chicken over additional fiscal stimulus, agreeing a deal at the 11th hour. In the UK, Brexit's 'Deal or No Deal?' festive special ran to the wire, but the resulting deal should be enough to remove the uncertainties that have made UK stocks anomalously cheap. Profit-taking elsewhere kept the fund's equity allocation largely unchanged at around 40%. Equities accounted for over 2% of performance in December.

Gold exposure added a further 0.3% and remains a key protection against accelerating paper currency debasement, alongside the inflation-protected bonds (which were flat for the month). Gold rose 25% (in USD) over the year and the gold mining stocks held in the fund did better still, making them one of the biggest performance contributors for 2020. But new protections against currency compromise may also be emerging. The fund recently gained exposure to the cryptocurrency bitcoin via the Ruffer Multi Strategies Fund – also home to powerful credit protections. As Brexit talks entered their unpredictable final stretch, we increased exposure to the US dollar (from around 8% to 18%). The greenback could still prove a powerful protection in a world starved of conventional offsets if volatility erupts again. With the pound rising into the Brexit deal, this dollar exposure was a small headwind for the month.

What of the road ahead? Froth is clearly building in some corners of the market, as evidenced by booming IPOs and the use of blank-cheque SPACs (Special Purpose Acquisition Companies). But the market consensus expects that the combination of ongoing fiscal and monetary support, pent-up demand and vaccine-induced economic re-opening will drive another positive year for stocks and a rotation of 'growth' to 'value' sectors. If so, the portfolio's bias to economically sensitive equities should power returns. Yet 2020's lived experience surely underlines the need to prepare for the unexpected. It also suggests investors should focus more on what Michele Wucker described as 'gray rhinos': big risks hiding in plain sight which are ignored. Ballooning debt, inflation risk, currency compromise and political instability are clear examples. 2020 has acted as a 'great acceleration' of existing trends, fattening these 'gray rhinos' and making a world of higher volatility and deeper financial repression more likely. It will pay to be prepared. As always, we retain a balance of assets to protect and grow your investment whatever the weather.

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.



December 2020 Issue 106

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 31 December 2020	p
December 2020	2.3	Accumulation	151.76
Year to date	11.9	Income	129.05
1 year	11.9		
3 years	13.3		
5 years	28.9		

12 month performance to December 2020 %	2016	2017	2018	2019	2020
Charity Assets Trust Acc	10.5	3.0	-5.6	7.3	11.9
FTSE All-Share TR	16.8	13.1	-9.5	19.2	-9.8
FTSE Govt All-Stocks TR	10.1	1.8	0.6	6.9	8.3

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 31 Dec 2020

Asset allocation



Asset allocation %

● Non-UK index-linked	18.0
● Illiquid strategies and options	11.0
● Long-dated index-linked gilts	10.4
● Index-linked gilts	8.4
● Gold and gold equities	7.5
● Cash	4.4

● UK equities	14.6
● Japan equities	9.4
● North America equities	8.9
● Europe equities	7.1
● Asia ex-Japan equities	0.5

Currency allocation %

● Sterling	69.7
● US dollar	16.9
● Gold	7.5
● Yen	2.2
● Euro	0.4
● Other	3.3

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.5
Lloyds Banking Group	2.3
Countryside Properties	1.9
Sony	1.7
NatWest Group	1.6
Kinross Gold	1.5
Newmont Mining	1.4
ITV	1.4
Barclays PLC	1.3
Berkshire Hathaway	1.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	8.4
UK Treasury index-linked 0.5% 2050	3.9
UK Treasury index-linked 0.125% 2068	3.3
US Treasury 1.75% TIPS 2028	2.9
US Treasury 0.25% TIPS 2050	2.8

*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 **£142.8m**

Fund information

		%
Ongoing Charges Figure		1.15
Annual management charge	1.0 + VAT	
Maximum initial charge		1.0
Yield		1.31
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 November 2020, assets managed by the Ruffer Group exceeded £20.3bn.

Dealing line

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