

Charity Assets Trust

Positive absolute returns with low volatility for charities

During February, the fund price rose by 5.1%. This compared with a rise of 2.0% in the FTSE All-Share index and a fall of 5.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

We always expected the journey to a post-covid world would be a bumpy ride, especially after the fireworks in stock markets last year, so we positioned the portfolio accordingly. With bond yields ending 2020 at extraordinarily low levels, it was only a matter of time before investors started to fret about a stronger than anticipated economic recovery in the coming months. February duly delivered the first of what may be several jolts to asset prices as bond yields rose sharply, gold sold off and equities fell back from all time highs touched in mid-February.

We have long been aware of the risk to portfolio performance from a rise in bond yields. Accordingly, we accumulated small, but powerful, holdings in interest rate options at bargain prices last year to protect against the damage exactly such a move could do to our long-dated inflation-linked bonds. These interest rate options rose sharply in February, ensuring we made a good return despite falls in gold and inflation-linked bonds. In technical terms, the interest rate options reduced the overall duration of the portfolio to close to zero, eliminating the downside risk from rising bond yields, despite the fact we continue to hold about 15% of the fund in the longest duration inflation-linked bonds available in both the UK and US. At the same time, we continue to avoid other hidden 'long duration' assets such as the US mega-cap growth stocks.

Freed from the drag of falling bond prices, the fund made a healthy gain in February, thanks to strong rises in the recovery-biased equities in the portfolio. Previously 'out of favour' holdings such as UK banks (Lloyds, Natwest and Barclays) rose by around 20%, the oil majors gained approximately 10% and Japanese banks had a moment in the sun with rises of up to 15%. The small amount of exposure to cryptocurrency held via the Ruffer Illiquid Multi Strategies Fund also contributed positively.

Viewed from 10,000 feet, however, the big picture remains the same. Our conviction of an inflationary end to these events is unshaken, but at some point markets were going to test central bankers' resolve to keep interest rates nailed to the floor once economies showed signs of recovery. There may well be more such tests to come, hence the fund consists of essentially three 'legs'. First, inflation-linked bonds, gold and cryptocurrency protect against higher inflation and financial repression. In fact, we have used the recent sell-off to add to inflation-linked bonds. Secondly, unconventional protections such as interest rate options and credit protections enable us to keep to our course through the likely squalls. Finally, recovery-oriented equities profit from the reopening of economies around the world.

Over the last 12 months, this all-weather approach delivered a return of 23.3% with a low level of volatility while stock and bond markets fluctuated wildly, and we believe it remains well positioned for an uncertain future.

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.



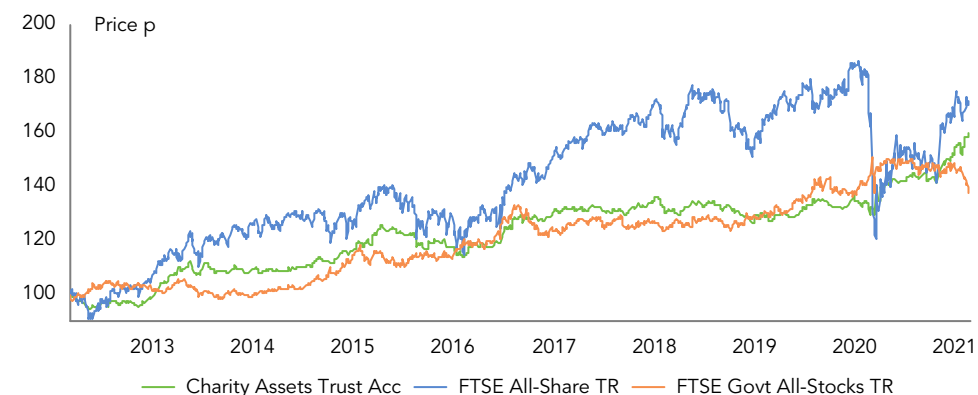
Investment objective

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 26 February 2021 | p |
|--------------------|---------------|-----------------------------------|---------------|
| February 2021 | 5.1 | Accumulation | 159.41 |
| Year to date | 5.0 | Income | 135.22 |
| 1 year | 23.3 | | |
| 3 years | 21.0 | | |
| 5 years | 36.5 | | |

| 12 month performance to December % | 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 26 Feb 2021

Asset allocation



Asset allocation %

| | |
|-----------------------------------|------|
| ● Illiquid strategies and options | 16.6 |
| ● Non-UK index-linked | 14.5 |
| ● Long-dated index-linked gilts | 9.6 |
| ● Cash | 6.6 |
| ● Gold and gold equities | 6.3 |
| ● Index-linked gilts | 4.6 |
| ● UK equities | 14.8 |
| ● North America equities | 9.7 |
| ● Japan equities | 9.5 |
| ● Europe equities | 7.4 |
| ● Asia ex-Japan equities | 0.6 |

Currency allocation %

| | |
|-------------|------|
| ● Sterling | 70.1 |
| ● US dollar | 16.4 |
| ● Gold | 6.3 |
| ● Yen | 2.7 |
| ● Euro | 0.8 |
| ● Other | 3.7 |

Currency allocation



10 largest equity holdings*

| Stock | % of fund |
|------------------------|-----------|
| iShares Physical Gold | 3.1 |
| Lloyds Banking Group | 2.3 |
| Countryside Properties | 1.8 |
| Barclays | 1.7 |
| NatWest Group | 1.6 |
| Sony | 1.4 |
| Equinor | 1.3 |
| American Express | 1.3 |
| Walt Disney | 1.2 |
| Volkswagen | 1.2 |

5 largest bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 1.875% 2022 | 4.6 |
| UK Treasury index-linked 0.5% 2050 | 3.2 |
| UK Treasury index-linked 0.125% 2068 | 2.7 |
| US Treasury 1.75% TIPS 2028 | 2.7 |
| US Treasury 0.875% TIPS 2029 | 2.4 |

*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 **£149.7m**

Fund information

| | |
|--------------------------|---|
| | % |
| Ongoing Charges Figure | 1.18 |
| Annual management charge | 1.0 + VAT |
| Maximum initial charge | 1.0 |
| Yield | 1.17 |
| 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

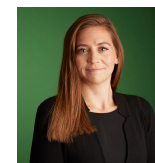
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and 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 January 2021, assets managed by the Ruffer Group exceeded £21.0bn.

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