

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During March, the fund price rose by 3.2%. This compared with a rise of 4.0% in the FTSE All-Share index and no change in the FTSE Govt All Stocks index (all figures total returns in sterling). Cyclical equities were the main positive contributors to performance while options were a small drag on returns.

Closing the books on the first quarter, we are pleased to be up 8.4%. Global equities also had a good start – the FTSE All-World was up 4.0% as investors started to visualise what a recovery will feel like. Meanwhile, most multi-asset strategies and conventional portfolios were either side of breakeven.

Conventional portfolios have become, by design and by default (via benchmarking), wired to the assets which performed well in the last market regime. That was a period of low economic growth and falling inflation. In a nutshell, this equated to prioritising conventional bonds over inflation-linked bonds, a preference for growth over value and for technology over everything. The problem is that in the new regime these might all be the wrong trades.

Today, we expect an economic boom in the latter half of the year and hopefully into 2022. What is the recipe? Take one part pent up animal spirits, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass. Even central bankers are in party mood – they have said they will not take away the punchbowl until we have overshoot policy objectives.

In this world, there will be ample opportunity for businesses that have survived covid to grow sales and earnings – so the premium put on growth stocks will no longer be valid. Expect cyclical and value stocks to perform best. In the bond market, the US ten year yield has more than tripled from the August lows and sits at 1.7%, but it is still lower than where it ended 2019. This is where the real conundrum lies. The Barclays Long Treasury Index is down over 20% since August, its worst fall in 40 years, reminding everyone there is still risk in this supposedly risk-free asset. Rising yields are also starting to cause stresses elsewhere. The tide going out revealed Archegos and Greensill to be swimming naked and gold is down 15% from the autumn peak where we were taking profits.

Our Chief Investment Officer, Henry Maxey, expands upon the idea that traditional portfolios are going to be hurt by ‘Jurassic risk’ in our latest [Ruffer Review](#). Of course, it is possible this is just a cyclical upswing before disinflationary forces reassert themselves, but we think the game has changed.

For the new regime, investors need to be more creative in their diversification and protections. Government and corporate bonds are a mathematically bounded asset class offering low returns and limited protective qualities. We continue to see a competitive advantage in the expertise we have accumulated in unconventional protections and also think index-linked bonds will become a key asset class in the future.

As for inflation, as George Soros said “I’m not predicting it, I’m observing it.” Houses, used cars, microchips, the cost of shipping – it’s happening right now. We have our protections and a game plan in place.

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.



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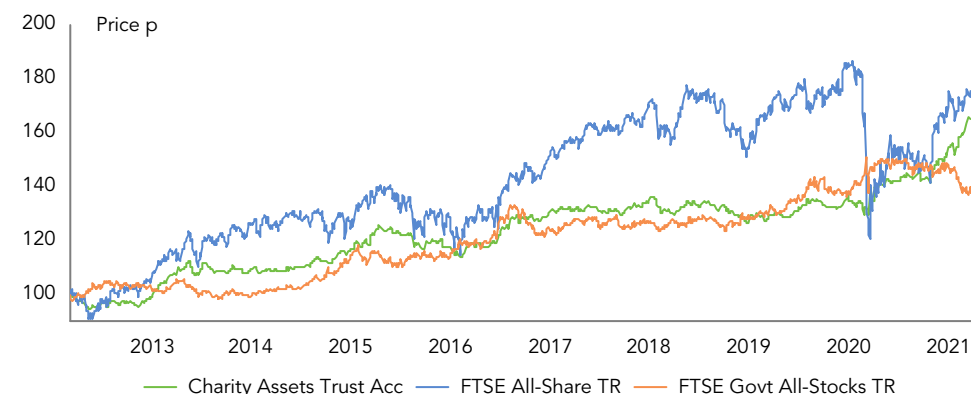
## Investment objective

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 March 2021	p
March 2021	3.2	<b>Accumulation</b>	<b>164.54</b>
Year to date	8.4	<b>Income</b>	<b>139.57</b>
1 year	21.8		
3 years	26.0		
5 years	38.3		

12 month performance to March %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	10.5	-0.6	-0.8	4.3	21.8
FTSE All-Share TR	22.0	1.2	6.4	-18.5	26.7
FTSE Govt All-Stocks TR	6.6	0.5	3.7	9.9	-5.5

Source: Ruffer LLP, FTSE International (FTSE) †

# Charity Assets Trust as at 31 Mar 2021

## Asset allocation



## Asset allocation %

Non-UK index-linked	15.4
Illiquid strategies and options	13.0
Long-dated index-linked gilts	9.5
Gold and gold equities	6.6
Cash	6.0
Index-linked gilts	4.4
Short-dated bonds	4.1

UK equities	15.6
North America equities	9.0
Japan equities	8.7
Europe equities	6.9
Asia ex-Japan equities	0.6

## Currency allocation %

Sterling	77.8
US dollar	11.1
Gold	6.6
Euro	0.7
Yen	0.3
Other	3.5

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	3.0
Lloyds Banking Group	2.4
Countryside Properties	1.9
Barclays	1.9
NatWest Group	1.7
Kinross Gold	1.3
American Express	1.3
Equinor	1.3
General Motors	1.2
JPMorgan Chase	1.1

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	4.4
UK Treasury 0.125% 2023	4.1
UK Treasury index-linked 0.5% 2050	3.2
UK Treasury index-linked 0.125% 2068	2.7
US Treasury 1.75% TIPS 2028	2.6

\*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 **£154.9m**

## Fund information

Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.14
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

ISIN	Accumulation	Income
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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

Dealing line **0344 892 0906**

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