

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During July, the fund price declined by 0.6%. This compared with a rise of 0.5% in the FTSE All-Share Index, and a rise of 2.8% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

Bond yields fell throughout July as investors shrugged off yet another blowout US inflation print: June CPI came in at 5.4%, well above expectations once again. Real (inflation-adjusted) yields moved further into negative territory, boosting the fund's inflation-protected bonds and adding 1.6% to performance. Together with a pause in US dollar appreciation, deeper negative real yields gave a lift to gold. By contrast, falling yields proved a headwind for our swaption book, which is held to protect against the opposite scenario. This interest rate protection detracted from performance (-0.9%). However, it remains an important part of the investment mix, which we think will be needed later this year and we have been topping up this position.

Investors cannot seem to agree on the reasons for the bond rally. Technical factors contributed (quantitative easing buying exceeding new issuance), as did anxiety over the slowing speed of economic recovery and the spread of the Delta variant of covid-19. There is also a growing perception that monetary and fiscal policy will tighten from here. As a result, July saw investors fretting about 'peak everything'. Equity investors tilted away from so-called 'reflation' trades – assets which do better in periods of faster economic expansion. Our equities – predominantly economically sensitive value and cyclical stocks – were held back as a result, costing the fund 0.8%. A challenge to the reflation narrative was always likely in the second half of this year. The blistering rates of growth seen in the recovery from the sharpest post-war recession were bound to slow, whilst further waves of covid and uneven global vaccination progress threaten both confidence and re-opening. However, despite the angst and a mid-month sell-off, global equities ended July just shy of yet another all-time high. Perhaps 'bad news is good news' again on the basis that it keeps the punchbowl of central bank liquidity at the party for longer.

We expect a further leg of the 'reflation' trade and have added to our cyclical equities. Although the US Federal Reserve is now talking about tapering, central banks remain extremely accommodative. The European Central Bank has re-committed itself to stimulus as far as the eye can see. Even the more orthodox Chinese central bank signalled an end to tightening. At the same time, corporate earnings season has seen significant positive surprises which should support a strong capex cycle. Crucially, the UK's re-opening experience suggests vaccines decisively degrade the link between infections, hospitalisations and deaths, putting economic normality within reach of vaccinated states.

But risks to markets remain elevated, notably from China. On top of fresh covid-19 outbreaks and perennial debt issues, Beijing offered foreign investors re-education in political risk this month as the ongoing regulatory crackdown moved from tech to tuition stocks before rattling Chinese stocks more broadly. Under-priced political risk is one reason we have historically avoided large allocations to Chinese equities. This will not be the last barrage in the burgeoning capital markets war, nor the last nasty surprise for financial markets, out of China.

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.



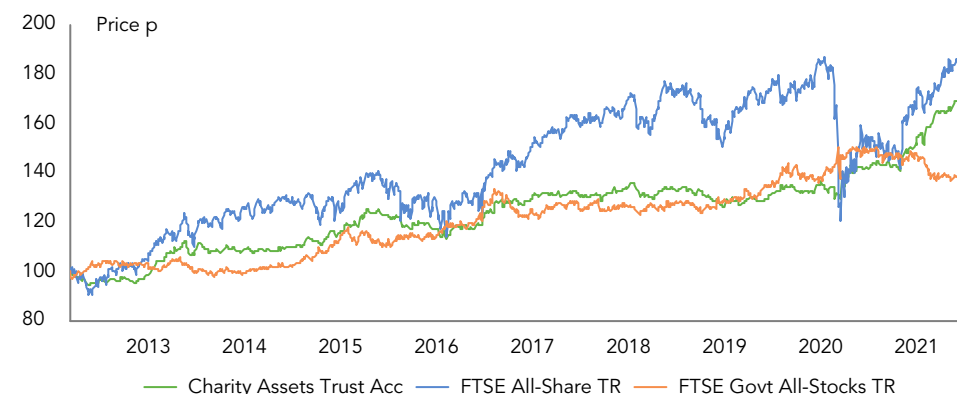
## Investment objective

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 July 2021	p
July 2021	-0.6	<b>Accumulation</b>	<b>163.63</b>
Year to date	7.8	<b>Income</b>	<b>137.79</b>
1 year	14.1		
3 years	21.8		
5 years	30.1		

12 month performance to June %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	6.9	1.9	-1.8	8.7	15.6
FTSE All-Share TR	18.1	9.0	0.6	-13.0	21.5
FTSE Govt All-Stocks TR	-0.9	1.9	4.9	11.2	-6.2

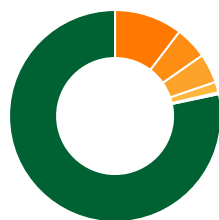
Source: Ruffer LLP, FTSE International (FTSE) †

# Charity Assets Trust as at 30 Jul 2021

## Asset allocation



## Currency allocation



## Asset allocation %

Asset Allocation Category	Percentage
Long-dated index-linked gilts	14.3
Non-UK index-linked	10.7
Index-linked gilts	9.5
Short-dated bonds	7.5
Illiquid strategies and options	6.7
Cash	5.1
Gold and gold equities	4.6
UK equities	19.5
North America equities	7.5
Japan equities	6.4
Europe equities	6.2
Other equities	1.4
Asia ex-Japan equities	0.5

## Currency allocation %

Currency Allocation Category	Percentage
Sterling	78.2
US dollar	10.3
Gold	4.6
Euro	1.5
Yen	0.4
Other	5.0

## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.5
NatWest Group	2.4
BP	2.2
Royal Dutch Shell	2.2
Countryside Properties	2.0
Equinor	1.9
Barclays	1.3
Kinross Gold	1.2
American Express	1.1
ORIX Corporation	1.1

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.1
UK Treasury 0.125% 2023	6.0
UK Treasury index-linked 0.125% 2065	5.2
US Treasury 0.625% TIPS 2023	5.0
UK Treasury index-linked 1.875% 2022	4.3

\*Excludes holdings in pooled funds  
Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

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Fund size **£157.5m**

## Fund information

Ongoing Charges Figure	1.06
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.26
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	GB00B740TC99 (Accumulation) / GB00B7F77M57 (Income)
SEDOL	B740TC9 (Accumulation) / B7F77M5 (Income)
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

Dealing Weekly forward, every Wednesday where this is a business day  
Plus the last business day of the month

Unit classes	Accumulation and income
ISIN	GB00B740TC99 (Accumulation) / GB00B7F77M57 (Income)
SEDOL	B740TC9 (Accumulation) / B7F77M5 (Income)

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

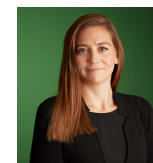
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and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



### Ajay Johal

INVESTMENT MANAGER

Joined Ruffer in 2014 from Barclays Wealth. In 2019, he worked as an equity analyst in Ruffer's Hong Kong office, then joined the charities team in London as an Investment



Manager. He holds a degree in history and sociology from the University of Warwick and is a member of the Chartered Institute of Securities & Investment.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 Jun 2021, assets managed by the Ruffer Group exceeded £23.0bn.

## Dealing line

0344 892 0906

## Enquiries

Ruffer LLP  
80 Victoria Street  
London  
SW1E 5JL

+44 (0)20 7963 8040  
rif@ruffer.co.uk  
[www.ruffer.co.uk](http://www.ruffer.co.uk)