

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During August, the fund price rose by 0.2%. This compared with a rise of 2.7% in the FTSE All-Share Index, and a fall of 0.8% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

In reviewing the month just gone there has been no predominant driver for our performance. Equities have provided a small positive return with the beneficiaries of reflation (and economic recovery) regaining some of their losses from earlier in the summer. Inflation-linked bonds were broadly flat for the month after a last day fall of some 5% in the longest dated bonds in the UK. The fall was catalysed by comments from the European Central Bank reminding us that emergency policy may not be around forever. While this does not undermine the longer-term case for inflation-linked bonds (and they have performed very strongly in the last few months), it illustrates the short-term dangers that we need to guard against.

There have been two competing forces at play in August. In simple terms, this is the path of liquidity in financial markets versus the fundamentals of the real economy. It will likely be the interplay between these two forces that will dictate the path of markets for the remainder of the year.

Take liquidity first. Financial conditions have remained plentiful, something most clearly illustrated by the fact that monthly inflows into equity funds in August exceeded the annual inflows for 13 out of the last 20 years - and this is during a month that is usually characterised by outflows. The market appears to have taken comfort from Jay Powell's comments at the Jackson Hole symposium that tapering will be gradual and that rates will remain nailed to the floor for some time. We agree that liquidity conditions will remain supportive, but we need to be cognisant of the risks of rising yields once the perennial buyer (central banks) steps away even marginally. For that reason, we have used the strong performance in bond markets in recent months to reduce the Fund's duration to close to zero. Any rise in bond yields has the potential to be disruptive, therefore having a full allocation to swaptions (as we did throughout the first quarter) will likely be helpful for the remainder of the year. Although bond yields may not rise substantially, the extent to which the market is assuming they will not rise at all presents a risk - it is the certainty that is currently priced in which causes us concern.

The path of economic fundamentals has most obviously been influenced by the path of the delta variant. The data in Europe and the UK remains more encouraging than the US, but in both geographies, we would argue that fears are likely overdone and the political appetite for widespread lockdowns is low. In that context the economic impulse through the remainder of the year could be very powerful. It is for this reason that we reinforced exposure to cyclical equities (primarily through energy companies) during the month.

Finally, when looking at the make-up of our equities, healthcare remains a large allocation; the third largest after financials and energy. This sector looked undervalued during the presidential election when there were fears that a Democratic president would push for significant reform. With Biden's approval rating now dropping below that of Donald Trump at the end of his presidency, wide-ranging reform looks even less likely and these companies could re-rate and perform well.

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.



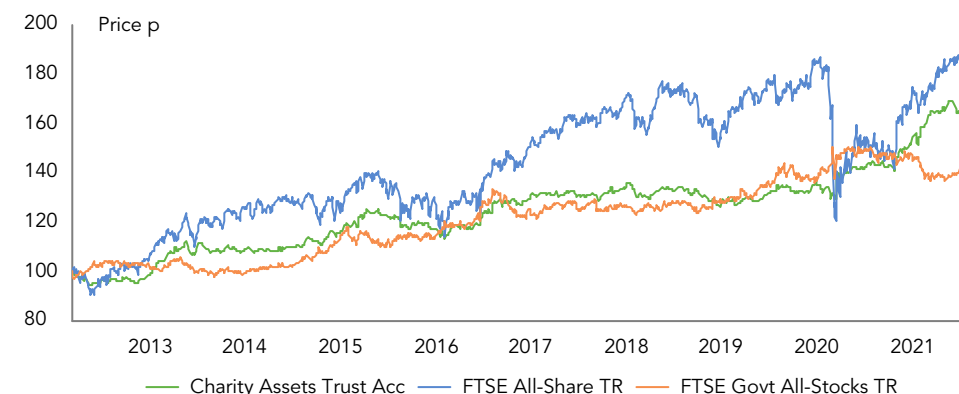
## Investment objective

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 31 August 2021	p
August 2021	0.2	<b>Accumulation</b>	<b>163.95</b>
Year to date	8.0	<b>Income</b>	<b>138.05</b>
1 year	14.4		
3 years	23.2		
5 years	27.6		

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 31 Aug 2021

## Asset allocation



## Asset allocation %

Index-linked gilts	14.5
Long-dated index-linked gilts	12.1
Non-UK index-linked	10.8
Cash	6.4
Illiquid strategies and options	6.0
Gold and gold equities	4.4
Short-dated bonds	3.5
UK equities	20.1
North America equities	7.6
Europe equities	6.7
Japan equities	6.6
Other equities	1.5

## Currency allocation %

Sterling	79.9
Yen	7.6
Gold	4.4
Euro	2.0
US dollar	1.2
Other	5.0

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
NatWest Group	2.6
Lloyds Banking Group	2.4
BP	2.3
Equinor	2.3
Royal Dutch Shell	2.2
Countryside Properties	2.1
Barclays	1.3
ORIX Corporation	1.2
Kinross Gold	1.2
Cigna	1.1

## 5 largest bond holdings

Stock	% of fund
0.125% Treasury index-linked 2024	5.6
UK Treasury index-linked 0.125% 2065	5.3
US Treasury 0.625% TIPS 2023	5.1
UK Treasury index-linked 1.875% 2022	4.3
UK Treasury index-linked 0.125% 2068	3.8

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£158.1m**

## 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	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

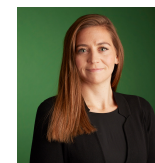
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and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



### 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 31 July 2021, assets managed by the Ruffer Group exceeded £22.7bn.

## Dealing line

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