

Charity Assets Trust

Positive absolute returns with low volatility for charities

During January, the fund price rose by 0.8%. This compared with a fall of 0.3% in the FTSE All-Share Index and a fall of 3.9% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Investors returned from the holiday period to face the prospect of much tighter financial conditions led by the US Federal Reserve. There are signs that higher inflation is embedding itself across the US economy, notably the labour market, and will not necessarily ease once supply chain disruptions abate. With interest rates close to zero and consumer price inflation at 7%, US policymakers are reacting to the realisation that conditions have been too accommodative for too long. Current expectations see four rate hikes in 2022, up from two at the start of the year.

Investors are now being forced to adapt to a world where the Fed shows greater willingness to withstand financial market volatility in combatting inflation. The anticipation of rising rates provided a difficult backdrop for our inflation-linked bonds during the month, but this headwind was offset by the positive contribution from interest rate options. These options remain a key portfolio component and allow us to manage the fund's interest rate sensitivity in what we expect will be a volatile period for bond markets. The fund's duration remained close to zero as we ended the month.

Global equities offered little respite for investors, recording their worst monthly return (-4.5%) since March 2020. The declines were even greater for the technology focused Nasdaq composite (-9.0%), confirming our fears that the faster growing and more speculative parts of the equity market would be most acutely impacted by a rising cost of capital. Growing geopolitical tensions emanating from Russia and Ukraine did little to improve risk appetite. On a historical basis, inflation above 3% sees the correlation between bonds and equities turn positive and January provided a brief taste of the challenges conventional portfolios will encounter as monetary conditions tighten.

We are pleased to have delivered a positive return over the month when index level returns for both bonds and equities were negative. Despite the challenging backdrop, there were pockets of resilience as more cyclically exposed equities, which had been out of favour for much of the last decade, returned to prominence. Our equities, which are heavily tilted to this part of the market, contributed a positive return over the month. The most significant drivers of performance were the energy majors, which continued to rally as oil prices reached a seven-year high. Elsewhere, financials benefitted from the rise in yields, supporting their position as an offset to the inflation-linked bonds. We resisted the urge to add meaningfully to equities among the recent weakness, instead maintaining the current exposure at just below 40%.

The Federal Reserve may be the first mover, but the current inflationary pressures are not confined to the US. Other central banks will face pressures to join them in attempting to remove the stimulus punchbowl. The coming interest rate cycle is unlikely to be as well choreographed or as smooth as the last, resulting in continued uncertainty and a testing time for financial assets. We believe that the fund is well-positioned to navigate this environment.

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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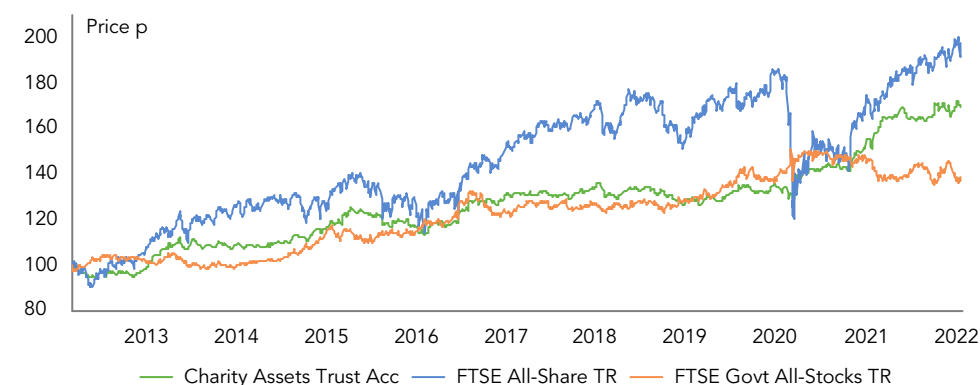
Investment objective

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 January 2022	p
January 2022	0.8	Accumulation	169.79
Year to date	0.8	Income	141.97
1 year	11.9		
3 years	30.3		
5 years	29.3		

12 month performance to December %	2017	2018	2019	2020	2021
Charity Assets Trust Acc	3.0	-5.6	7.3	11.9	11.0
FTSE All-Share TR	13.1	-9.5	19.2	-9.8	18.3
FTSE Govt All-Stocks TR	1.8	0.6	6.9	8.3	-5.2

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 31 Jan 2022

Asset allocation



Asset allocation %

● Non-UK index-linked	12.7
● Index-linked gilts	12.7
● Long-dated index-linked gilts	11.4
● Gold exposure and gold equities	8.2
● Illiquid strategies and options	7.5
● Cash	6.5
● Short-dated bonds	3.1
● UK equities	15.2
● North America equities	7.4
● Japan equities	7.3
● Europe equities	6.5
● Other equities	1.6

Currency allocation %

● Sterling	76.6
● Yen	8.4
● US dollar	5.7
● Euro	1.5
● Other	7.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
Royal Dutch Shell	2.2
Equinor	1.9
NatWest Group	1.8
Lloyds Banking Group	1.6
BP	1.5
Banco Santander	1.3
ORIX Corporation	1.3
Cigna	1.1
American Express	1.0
UniCredit	0.9

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	5.2
US Treasury 0.625% TIPS 2023	5.0
UK Treasury index-linked 0.125% 2068	3.6
UK Treasury index-linked 0.125% 2065	3.5
US Treasury 0.125% TIPS 2022	3.5

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£176.5m**

Fund information

	%
Ongoing Charges Figure	1.08
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.42
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 and leads Ruffer's US team and co-manages two of Ruffer's flagship funds. Previous roles included oil and gas companies and 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 December 2021, assets managed by the Ruffer Group exceeded £24.0bn.

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