

Charity Assets Trust

Positive absolute returns with low volatility for charities

During June, the fund price fell by 3.1%. This compared to the FTSE All-Share TR which fell by 6.0% and a fall of 1.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

June began calmly, as markets (like us) mooted the idea that the worst of the inflation and interest rate damage might be past. The CPI inflation release on June 10 put paid to any such thinking, catalysing a sharp selloff in both bond and equity markets as global central banks accelerated their interest rate hikes. On a global basis nothing escaped the selloff: no major asset class delivered a positive return in the month, with the exception of Chinese equities. The last time this happened was in March 2020 in the depths of the covid crisis.

June's inflation release closed the window for a potential equity market rally by shifting the moment of peak inflation later into the year. We have high conviction that the triple tightening being executed by the Federal Reserve is likely to prove exceptionally damaging to financial markets over the next few months, meaning there will not be time for the peak inflation thesis to prove itself before markets or the economy crack under the tightening pressure.

We reflect this with the lowest weight to equities (25%) for the Ruffer strategy since March 2003. This is accompanied by a full suite of derivative protections. There are times in the market cycle that just need to be got through and we have to accept some volatility in the returns. Our preoccupation remains in avoiding a permanent and significant loss of capital.

Looking at June in isolation this extreme defensiveness was not enough. The only large positive contribution (+1%) came from the credit protections (these express a bearish view on corporate bonds) and the protective options (these express a bearish view on equity markets and interest rates), showing once again the importance of unconventional assets. Equities detracted around 2.5% from performance, with the allocation to Alibaba the only bright spot. Gold exposure and inflation-linked bonds accounted for most of the remaining negative performance.

In an episode of surprising and persistently high inflation, no allocation to risk escapes repricing. This has become clear to public market investors this year and will become clear to private market investors when their asset managers deign to reprice their private assets accurately (our bet: 2025). An allocation to cash is an underrated decision in such an environment because it offers the certainty of a slow loss. We have talked previously about putting the portfolio into a 'crouched' position - we are now unequivocally flat on the ground as bullets whizz overhead.

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.



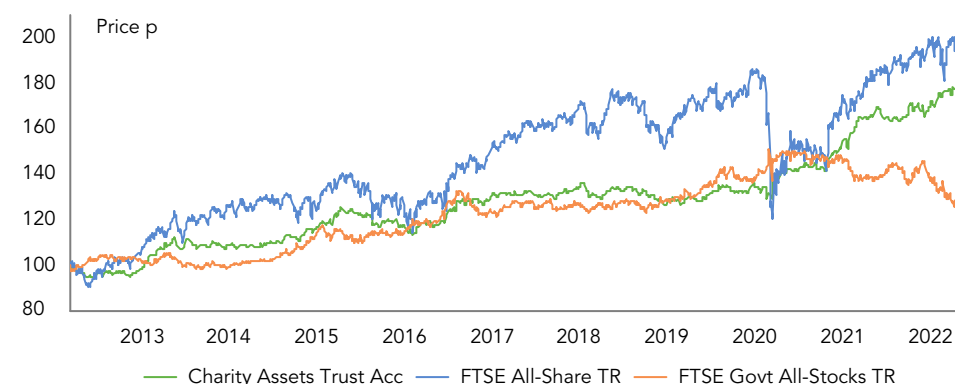
Investment objective

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 June 2022	p
June 2022	-3.1	Accumulation	171.18
Year to date	1.6	Income	142.65
1 year	4.0		
3 years	30.6		
5 years	30.7		
10 years	77.3		

12 month performance to June %	2018	2019	2020	2021	2022
Charity Assets Trust Acc	1.9	-1.8	8.7	15.6	4.0
FTSE All-Share TR	9.0	0.6	-13.0	21.5	1.6
FTSE Govt All-Stocks TR	1.9	4.9	11.2	-6.2	-13.6

Source: Ruffer LLP, FTSE International (FTSE) †

Charity Assets Trust as at 30 Jun 2022

Asset allocation



Asset allocation %

● Illiquid strategies and options	17.4
● Non-UK index-linked	11.0
● Short-dated bonds	10.4
● Gold exposure and gold equities	10.3
● Index-linked gilts	9.5
● Long-dated index-linked gilts	8.2
● Cash	6.5
● UK equities	9.4
● North America equities	6.4
● Japan equities	5.3
● Europe equities	4.2
● Other equities	1.4

Currency allocation %

● Sterling	66.1
● Yen	10.6
● US dollar	5.9
● Australian dollar	5.3
● Euro	4.2
● Other	7.9

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.4
Cigna	1.2
Vodafone Group	1.0
Aena SME SA	1.0
ORIX	0.9
NEC	0.8
American Express	0.8
Sumitomo Mitsui Financial Group	0.7
Charles Schwab	0.7
Hertz	0.7

5 largest bond holdings

Stock	% of fund
US Treasury 0.375% TIPS 2023	5.0
US Treasury 0.625% TIPS 2023	4.8
UK Treasury index-linked 0.125% 2024	4.7
US Treasury FRN 2024	4.0
UK Treasury index-linked 0.125% 2068	3.0

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£218.3m**

Fund information

	%
Ongoing Charges Figure	1.18
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.37
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
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Manager and investment adviser Ruffer AIFM Limited

Trustee BNY Mellon Fund & Depository (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

Jos North

INVESTMENT DIRECTOR

Joined Ruffer in 2012, having graduated from Edinburgh University with an MA Honours in French and Spanish. He became a member of the Chartered Institute of Securities & Investment following completion of the CISI Diploma, receiving the highest mark in that year. He manages portfolios predominantly for institutional clients.



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 May 2022, assets managed by the Ruffer Group exceeded £26.6bn.

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