

Charity Assets Trust

Positive absolute returns with low volatility for charities

Despite ongoing stresses in the US banking system, asset markets collectively shrugged their shoulders in April. According to Deutsche Bank, despite the second largest ever banking failure in the US, it was in fact the least volatile month since the pandemic. It won't surprise that we are not so sanguine.

Banking crises always lead to credit contractions. We are seeing this play out now: National Federation of Independent Business small business credit conditions are approaching GFC levels, whilst both the Fed Beige Book and the Senior Loan Officer Opinion Survey are signalling further declines in credit availability coming down the tracks. What is particularly pernicious today is the additional undermining of trust in the security of deposits. This is where the banking crises of March intersect with our fears of an asset market liquidation. As a reminder, central to the argument was that changes in the size and composition of the Fed's balance sheet would be damaging to asset markets. On the one hand, we have seen an immediate (but supposedly temporary) increase in the size of the Fed's balance sheet. On the other hand, a light has been shone on the relative danger of uninsured banking deposits compared to government backed money market funds. Given the fact that the increased safety of the latter actually comes with a higher interest rate, we expect deposit flight from banks to continue despite continued efforts to reinforce the regulatory system. Not only will this lead to further scrutiny of the increasing levels of taxpayer deposit guarantees, but it will continue to undermine the ability of commercial bank balance sheets to act as a shock-absorber for any distress in financial markets.

At Ruffer, we always aim to create a portfolio that is robust to multiple future pathways. The fine line between monetary and financial stability is central to how the portfolio is positioned today. If the Federal Reserve prioritises financial stability concerns, continues to expand its balance sheet and sets the scene for interest rate cuts before inflation is wrung out of the system, then we enter the next phase of the inflationary regime. Under this scenario our portfolio allocations to inflation-linked bonds, gold and commodities should get an immediate tailwind. However, if the Federal Reserve continues to focus on bringing inflation down through monetary tightening, then we fear that liquidation risk comes to the fore. If interest rates remain where they are, let alone go higher, and quantitative tightening continues (proving the recent central bank balance sheet expansion to be as temporary as originally claimed), then the painful chokehold of the interest rate squeeze will continue. In this environment, the portfolio is protected by its low equity weight (both gross and net) and potent protections against likely distress in credit markets.

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.



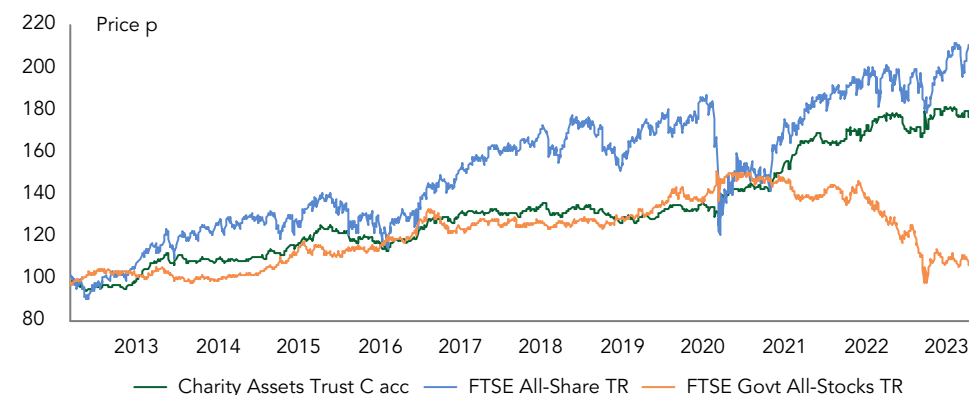
Investment objective

The fund will follow an 'absolute return' investment strategy. This means the Manager will not endeavour to track or 'outperform' a specific benchmark or stock market index, but instead seek to generate consistent positive returns regardless of the prevailing market conditions. The Manager expresses its absolute return approach through two principal investment objectives for the fund: 1) preservation of capital, which the Manager defines as not losing money on a rolling 12 month basis and 2) delivering consistent positive returns (through a combination of capital and income) greater than the return on cash (as defined by the Bank of England Bank Rate).

Responsible Investment Policy

The fund has strict restrictions on investment in alcohol, armaments, gambling, pornography, predatory lending, 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



C Accumulation units	Performance %	Unit price as at 28 April 2023	p
April 2023	-2.2	C Accumulation	175.55
Year to date	-3.0	C Income	143.85
1 year	-0.4		
3 years	24.3		
5 years	32.3		

12 month performance to March %	2019	2020	2021	2022	2023
Charity Assets Trust C acc	-0.8	4.3	21.8	8.0	1.0
FTSE All-Share TR	6.4	-18.5	26.7	13.0	2.9
FTSE Govt All-Stocks TR	3.7	9.9	-5.5	-5.1	-16.3

Source: Ruffer LLP, FTSE International

Charity Assets Trust as at 28 Apr 2023

Asset allocation



Asset allocation	%
Short-dated bonds	26.5
Index-linked gilts	17.0
Illiquid strategies and options	14.4
Long-dated index-linked gilts	7.9
Gold exposure and gold equities	6.9
Cash	4.4
Non-UK index-linked	4.1
UK equities	6.8
Commodity exposure	3.9
North America equities	2.7
Asia ex-Japan equities	2.1
Europe equities	1.8
Japan equities	1.2
Other equities	0.3
Currency allocation	%
Sterling	62.5
Yen	15.7
US dollar	8.4
Australian dollar	8.1
Other	5.3

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	3.0
Shell	0.9
Alibaba Group Holding	0.6
Taiwan Semiconductor Manufacturing Co	0.6
NEC	0.6
Swire Pacific	0.6
PRS REIT plc	0.4
Gresham House Energy Storage Fund	0.4
Harmony Energy	0.4
Amazon	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	8.5
UK Treasury index-linked 0.125% 2026	4.8
Japanese govt bonds 0.005% 1 Apr 2024	4.7
Japanese govt bonds 0.005% 1 Jun 2024	4.7
Japanese govt bonds 0.005% 1 May 2024	4.7

*Excludes holdings in Ruffer funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size **£516.1m**

Fund information

		%
Ongoing Charges Figure		1.18
Annual management charge	1.0 + VAT	
Maximum initial charge		1.0
Yield		1.57
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	12.00pm on Wednesday (where this is a business day) and the last business day of the month	

Unit classes	Accumulation and income	
	Accumulation	Income
ISIN	GB00B740TC99	GB00B7F77M57
SEDOL	B740TC9	B7F77M5
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	Eversheds Sutherland (International) 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

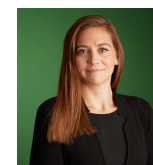
Joined Ruffer in 2012 and now leads Ruffer's UK institutional business, including UK defined benefit, defined contribution and local government pension schemes, and UK charities. He is a member of the CISI, following completion of the CISI diploma and co-manages two of Ruffer's flagship funds.



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 DIRECTOR

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 March 2023, assets managed by the Ruffer Group exceeded £26.5bn.

Dealing line

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