

Charity Assets Trust

Positive absolute returns with low volatility for charities

During August the fund price fell by 2.9%. This compared with a fall of 5.3% in the FTSE All-Share Index and a gain of 0.3% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

The combination of the yuan devaluation, thin volume and the fear of rate rises from the Federal Reserve proved too much of a headwind for the equity markets in August, with the S&P 500 falling as much as 4% in a single day. This was a significant departure from the path of suppressed volatility that has been a feature of equity markets for some time. It has been notable that 'blue chip' stocks have increasingly been seen as bond proxies by investors in search of yield and that investment in many 'defensive' sectors of the economy had become something of an overcrowded trade. The extent of the sudden spike in volatility is perhaps best illustrated by the performance of one such stock, Johnson & Johnson (not held within the fund) on one of last month's most volatile trading days, 24 August: a fall of 14% before closing down 2.7%.

Index-linked bonds performed strongly in July but traded sideways during August with falling inflation breakeven rates offsetting lower nominal yields. As a result, most of our protection in August came from gold and our less conventional offsets such as long volatility positions and strategies which benefited from the rise in corporate bond yields. Having reduced the fund's gross risk position in February this year and again in May, the sub 40% equity weighting and relatively high cash weighing also helped contain losses but were insufficient to provide immunity to the fall.

It is notable that the latest Greek elastoplast has been sufficient to divert attention away from the euro area, particularly against a backdrop of improving credit conditions in most major European economies. That said, negative sentiment has been quick to grasp onto what is essentially old news – the slowdown in China and falling commodity prices, a trend that has been evident since the start of the year. While the Chinese economy does indeed face many challenges as it seeks to refocus from export led-growth to domestic led consumption, the underlying trends in the domestic services sector are encouraging.

Our main concern remains the risk of a correlated sell-off in the major asset classes. The events of the last few weeks are however illustrative of how quickly markets can refocus on the 'known knowns'. Of these, the low yields prevailing in the 'high yield' bond market and the potential for the widening of spreads across the credit curve have remained largely below the radar. As such, the potential for further spikes in market volatility driven by catalysts other than (and including) China remains high. Such sentiments were the driver of the more cautious approach adopted within the fund earlier this year and an increased position in protective assets. On the positive side, we have also maintained some firepower in the form of cash and the current round of volatility is likely to present some opportunities within equity markets.

Please note that the Charity Assets Trust is an unregulated collective investment scheme (UCIS) available only to eligible charities as defined overleaf.



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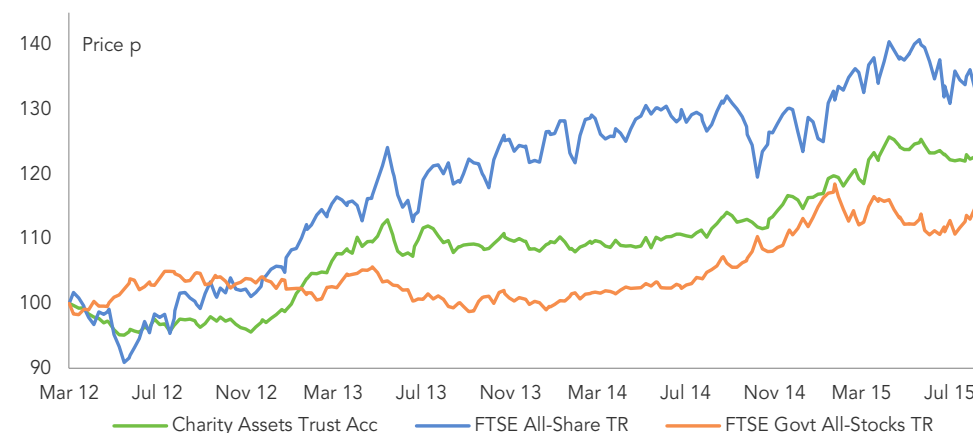
Investment objective

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.

Ethical policy

The fund has an ethical screening policy which restricts investment in alcohol, armaments, gambling, pornography and tobacco.

Performance since launch on 8 March 2012



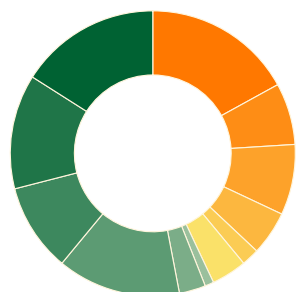
Performance %	August 2015	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-2.9	2.6	5.4	23.4	na	na
Percentage growth		%				
30 Jun 2014 – 30 Jun 2015		11.1				
30 Jun 2013 – 30 Jun 2014		1.7				
30 Jun 2012 – 30 Jun 2013		12.6				
30 Jun 2011 – 30 Jun 2012		na				
30 Jun 2010 – 30 Jun 2011		na				

Source: Ruffer LLP

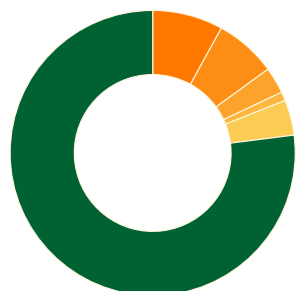
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Charity Assets Trust as at 28 August 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	16	● Japan equities	17
● Index-linked gilts	13	● North America equities	7
● Long dated index-linked gilts	10	● UK equities	8
● Cash	14	● Europe equities	5
● Gold and gold equities	3	● Asia ex Japan equities	2
● Floating-rate notes	1	● Illiquid strategies	4



Currency allocation	%
● Sterling	77
● Yen	8
● US dollar	7
● Gold	3
● Euro	1
● Other	4

5 largest of 39 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.3
US TIPS 1.125% 2021	5.6
UK Treasury index-linked 0.125% 2024	5.0
UK Treasury index-linked 1.875% 2022	5.0
US TIPS 2.125% 2019	3.0

Source: Ruffer LLP

5 largest of 46 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.3
ETFS Physical Gold	2.0
Sumitomo Mitsui Financial	1.9
Mitsubishi UFJ Financial	1.8
Lloyds Banking Group	1.3

* Excludes holdings in pooled funds

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Fund size £61.8m

Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.2
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
Cut off	Close of business on Wednesday
Unit classes	Accumulation and income
ISIN	Accumulation GB00B740TC99 Income GB00B7F77M57
SEDOL	B740TC9 B7F77M5
Manager and investment adviser	Ruffer AIFM Limited
Trustee	BNY Mellon Fund & Depository (UK) Limited
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 Manager

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.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which charities represented £2.1bn.

Dealing line

0844 892 0906

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street cat@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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