

Charity Assets Trust

Positive absolute returns with low volatility for charities



During October the fund price rose by 2.5%. This compared with a rise of 4.7% in the FTSE All-Share Index and a fall of 1.1% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

After two consecutive months of falling equity prices we saw a sharp reversal of this trend in October with energy and mining shares leading the way in this recovery. A more sanguine reassessment of Chinese growth appeared to be the core driver of the bounce. The world's central banks were also fairly active during the month; we saw both the Federal Reserve (Fed) and the Bank of England choosing not to raise rates. Mario Draghi at the European Central Bank was again successful in convincing the market he would provide further stimulus should disinflationary pressures intensify and the People's Bank of China cut its one-year benchmark interest rate to 4.35%. The familiar pattern of supportive policy from the world's central authorities has continued and so has the corresponding pattern of equity prices rises. How long will this be effective? We fear the market may start to demand more direct economic intervention to justify valuations, involving the transition from monetary to fiscal stimulus, or more likely a combination of both. For now the market appears content, and enough so to shrug off concerns about a deflationary bust emanating from China.

The fund recovered much of its losses from the previous months, especially in Japan which had been particularly impacted by the China scare (largely because of proximity and as an alternative source of Pacific liquidity). This month Japanese equities were our greatest contributor to returns (both Sony and Hitachi returned double digits) but western equities also made gains, in particular our oil and mining stocks and US technology. Names such as Texas Instruments and Microsoft were up some 15%.

Our protective investments, such as UK index-linked and options, unsurprisingly in an equity recovery were detractors. Bond yields rose in October resulting in a fall in the price of our index-linked bonds, despite a recovery in breakeven inflation rates. Despite not raising rates, the Fed have introduced some hawkish noises, signalling a move before the year-end. They may well seek to gently raise rates, but we doubt they will be able to move much in the absence of rising inflationary trends and job growth. The danger of disinflation breaking the long-running cross-subsidy of creditor to debtor biases the biggest debtors of all (the government) towards aggressive intervention. The necessity of maintaining negative real rates in an over indebted world is the core rationale for our protective holding of the long dated index-linked bonds.

In the meantime the potential inclusion of China into the International Monetary Fund's Special Drawing Rights is shortly being debated. If they are successful it could calm the nerves further of those who were fearing the worst from China's shock devaluation in August which had sparked this recent period of negative sentiment.

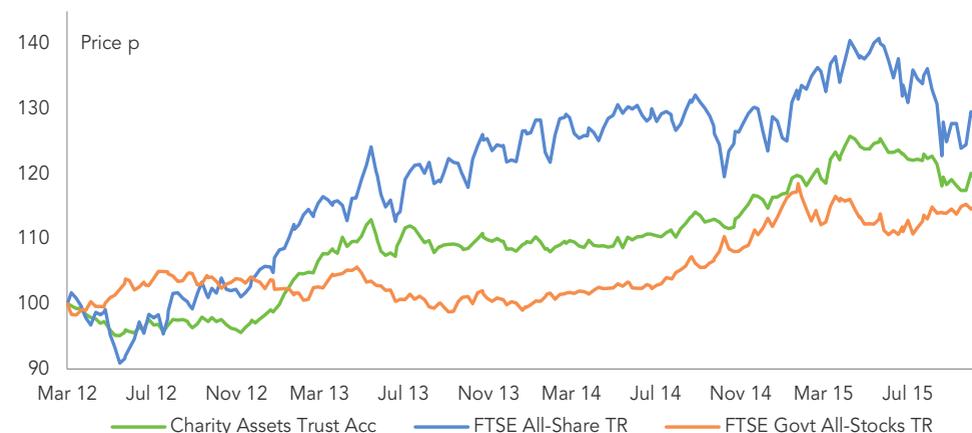
Investment objective

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 %	October 2015	Year to date	1 year	3 years	5 years	10 years
Accumulation units	2.5	3.4	6.5	25.1	na	na
Percentage growth		%				
30 Sep 2014 – 30 Sep 2015		3.9				
30 Sep 2013 – 30 Sep 2014		3.9				
30 Sep 2012 – 30 Sep 2013		11.8				
30 Sep 2011 – 30 Sep 2012		na				
30 Sep 2010 – 30 Sep 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.

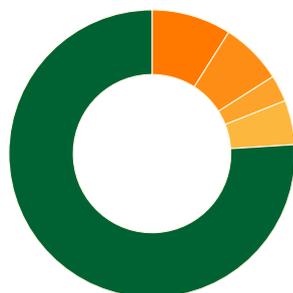
Please note that the Charity Assets Trust is an unregulated collective investment scheme (UCIS) available only to eligible charities as defined overleaf.

Charity Assets Trust as at 30 October 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	16	● Japan equities	18
● Index-linked gilts	13	● North America equities	8
● Long dated index-linked gilts	9	● UK equities	8
● Cash	14	● Europe equities	4
● Gold and gold equities	3	● Asia ex Japan equities	2
● Floating-rate notes	1	● Illiquid strategies	4



Currency allocation	%
● Sterling	76
● Yen	9
● US dollar	7
● Gold	3
● Other	5

5 largest of 13 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.3
US TIPS 1.125% 2021	5.7
UK Treasury index-linked 0.125% 2024	5.1
UK Treasury index-linked 1.875% 2022	5.1
US TIPS 2.125% 2019	3.1

Source: Ruffer LLP

5 largest of 66 equity holdings*

Stock	% of fund
ETFs Physical Gold	2.3
Dai-ichi Life Insurance	2.1
Sumitomo Mitsui Financial	1.9
Mitsubishi UFJ Financial	1.8
Nomura Real Estate	1.4

* Excludes holdings in pooled funds

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP and Ruffer AIFM Limited have not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser. The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Scheme, Scheme Particulars and the latest report and accounts.

Fund size **£63.8m**

Fund information

	%				
Ongoing Charges Figure	1.14				
Annual management charge	1.0 + VAT				
Maximum initial charge	1.0				
Yield	1.4				
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	<table border="0"> <tr> <td>Accumulation</td> <td>Income</td> </tr> <tr> <td>GB00B740TC99</td> <td>GB00B7F77M57</td> </tr> </table>	Accumulation	Income	GB00B740TC99	GB00B7F77M57
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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 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which charities represented £2.1bn.

Dealing line

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