

Charity Assets Trust

Positive absolute returns with low volatility for charities

During February the fund price rose by 0.3%. This compared with a rise of 0.8% in the FTSE All-Share Index and a gain of 1.4% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

The headline returns from most major equity markets showed a modest increase in February but this masked significant volatility in the month. A sizable sell-off in risk assets, particularly in Japan, took place in the opening weeks. Investors took fright at the announcement by the Bank of Japan (BoJ) that it would begin imposing negative nominal interest rates (as several European countries have done for some time). This caused pronounced weakness in both the Japanese equity market and the shares of global banks. This surprising policy decision follows a growing line of similarly confidence-sapping moves by central authorities, including the Swiss National Bank's abandonment of its euro peg at the start of 2015 and more recently China's short-lived use of equity market circuit breakers and other failed attempts to quell market jitters. Weakening central bank credibility is perhaps one explanation for the exceptional performance of the fund's gold and gold miners in February.

The efficacy of central banks efforts to defeat deflation with monetary policy is being tested and pleas for a transition to fiscal policy are becoming more frequent. The usual advocates of fiscal stimulus, including Larry Summers and Adair Turner, have been joined by other heavyweights such as Ray Dalio, Martin Wolf and the International Monetary Fund. Given that this latest monetary policy move has clearly not had the effect the BoJ expected, and with Upper House elections coming to Japan in July, it is possible that the Japanese authorities may introduce some form of further fiscal stimulus to try to accelerate much-needed economic growth.

Risk assets rebounded violently towards the end of February. A serious headwind to risk sentiment was assuaged in the middle of February when the Governor of the People's Bank of China was quoted as saying 'there's no motive to depreciate the renminbi for the sake of net export expansion'. The recent weakening of the US dollar and pause in the oil price decline have also offered hope to the optimist. We remain cautious as any strengthening in US economic activity would be likely in due course to drive investors back into the dollar, (as the Fed would be obliged to tighten), and the familiar concerns about global liquidity and financial health would re-emerge.

Since 2008 we have seen a continual creep in radical ideas emerging as mainstream policies. Quantitative easing, once considered reckless, is now a primary policy tool. Zero interest rates were implausible but now negative rates have become widespread. This drift into more and more experimental monetary policies, while necessary as an antidote to the high-debt/low-growth hangover of the financial crisis, comes with significant risks. Fiscal tools are blunt, and their use greatly increases the chances of an overreaction and the accompanying loss of confidence in paper money as a store of value.

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



February 2016 Issue 48

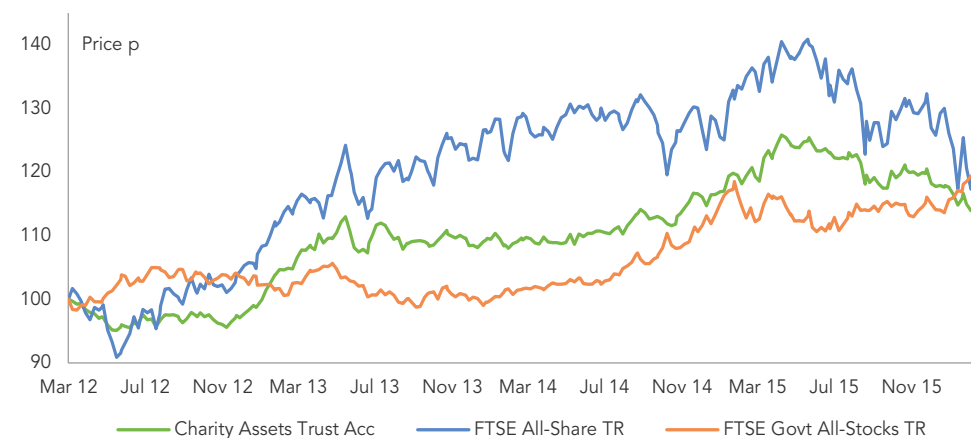
Investment objective

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



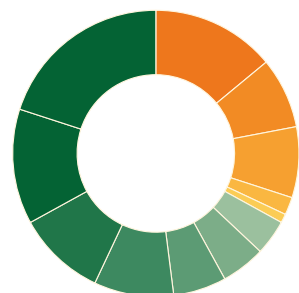
Performance %	February 2016	Year to date	1 year	3 years	5 years	10 years
Accumulation units	0.3	-0.8	-3.1	11.3	na	na
Percentage growth		%				
Share price as at 29 February 2016						
31 Dec 2014 – 31 Dec 2015		1.2				116.95
31 Dec 2013 – 31 Dec 2014		6.5				108.25
31 Dec 2012 – 31 Dec 2013		10.7				
31 Dec 2011 – 31 Dec 2012		na				
31 Dec 2010 – 31 Dec 2011		na				

Source: Ruffer LLP

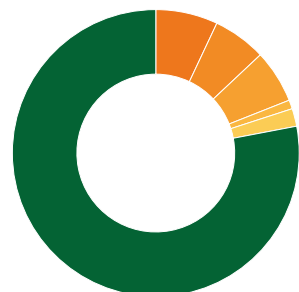
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Charity Assets Trust as at 29 February 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	20	● Japan equities	14
● Index-linked gilts	13	● North America equities	8
● Long dated index-linked gilts	10	● UK equities	8
● Cash	9	● Europe equities	2
● Gold and gold equities	6	● Asia ex Japan equities	1
● Short-dated bonds	5		
● Illiquid strategies	4		



Currency allocation	%
● Sterling	78
● US dollar	7
● Yen	6
● Gold	6
● Euro	1
● Other	2

5 largest of 13 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.5
US TIPS 1.125% 2021	6.4
UK Treasury index-linked 0.125% 2024	5.3
UK Treasury index-linked 1.875% 2022	5.2
UK T-Bill 0.0% 2016	4.9

Source: Ruffer LLP

5 largest of 52 equity holdings*

Stock	% of fund
ETFs Physical Gold	2.8
Nomura Real Estate	1.7
Dai-ichi Life Insurance	1.7
Emerson Electric	1.6
WM Morrison	1.4

* Excludes holdings in pooled funds

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Fund size £63.0m

Fund information

	%
Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.5
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	Income
	GB00B740TC99	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 29 February 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which charities represented £2.0bn.

Dealing line

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