

Charity Assets Trust

Positive absolute returns with low volatility for charities

During March, the fund price fell by 0.3%. This compared with a rise of 1.2% in the FTSE All-Share Index and a rise of 0.3% in the FTSE Govt All-Stocks Index (both figures are total returns in sterling).

Having peaked at the start of the month, equity markets drifted lower in March as investors began to take a more circumspect view of the likely economic impact of the Trump juggernaut, with the phrase 'Trump bump' increasingly entering the lexicon. Meanwhile, the Federal Reserve increased interest rates by 0.25% to mark the third increase since the financial crisis, although notably struck a measured tone as to the impact of any potential Trump initiatives; the assumption remains that economic growth will be around 2%, below the 3%+ rates desired by the Trump administration. To quote Mrs Yellen, 'We haven't changed the outlook. We think we're moving on the same course we've been on'.

Perhaps not surprisingly, the euphoria as to the 'reflation' trade paused during the month. Three quarters into the new president's first 100 days and we have already witnessed the early abandonment of the much-heralded healthcare reforms, while the timing and extent of any fiscal stimulus remains unclear and at best unlikely until 2018. Meanwhile, surveys of expected economic activity continue to surprise on the upside, indicating that growth might be nearer the top-end of the range anticipated by the Federal Reserve, if not the more supercharged range assumed by the Trump optimists. For bond markets, however, this 'not too hot/not too cold' scenario eased the immediate upward pressure on bond yields witnessed in the fourth quarter of last year, leaving the portfolio's index-linked bonds positive for the month.

It was notable that while the US is in 'tightening' mode as far as interest rates are concerned, Mr Kuroda at the Bank of Japan was quick to emphasise that this does not mean that Japan would be adjusting its policy and following suit. He also confirmed that quantitative easing, long since tapered by the Federal Reserve, would remain on tap even after Japan reaches its 2% inflation target and that economic 'momentum' was the key goal for the Japanese economy. The unique characteristics of the Japanese economic cycle relative to other major economies, coupled with equity valuations that often reflect discounts relative to asset values, continue to offer attractions at a time when western markets remain at historical highs and face the headwind of a tightening in monetary policy. In addition, Japanese financial stocks remain attractive as beneficiaries of the Bank of Japan's focus on steepening the yield curve, while in a broader portfolio context, they sit in juxtaposition to our index-linked bond exposure which will not be immune to upward global yield pressure.

The fund remains positioned to benefit should the recent positive global economic survey data prove to be a reliable indicator of further momentum within the global economy. Reflecting this, positive contributions were seen from the fund's US technology exposure as well as a position in the US housing sector. Nonetheless, protective assets in the form of index-linked exposure and a bias towards cyclical value rather than economically insensitive 'higher yield' equities remain at the heart of our positioning. The timeline and scale of Trump's fiscal push is currently unknowable but it is difficult to ignore the populist pressures facing global western governments. We have already seen this change in the political cycle manifest itself in a rapidly withdrawn mega-bid for Unilever by Kraft and this is likely to have broad implications for equities. Equally, the fiscal levers will continue to represent a temptation for politicians, leaving conventional bonds exposed as the interest rate cycle turns in western economies.

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



March 2017 Issue 61

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 %	March 2017	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-0.3	1.0	10.5	20.3	na	na
Percentage growth		%				
31 Mar 2016 – 31 Mar 2017		10.5				
31 Mar 2015 – 31 Mar 2016		-2.5				
31 Mar 2014 – 31 Mar 2015		11.6				
31 Mar 2013 – 31 Mar 2014		1.1				
31 Mar 2012 – 31 Mar 2013		9.3				

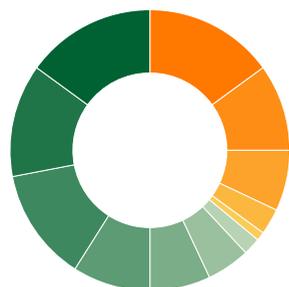
Source: Ruffer LLP, FTSE International (FTSE)

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.

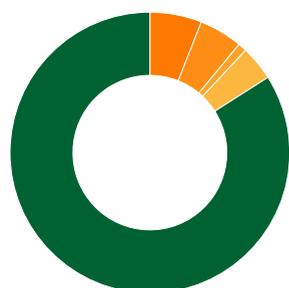
Share price as at 31 March 2017	p
Accumulation	131.59
Income	119.50

Charity Assets Trust as at 31 March 2017

Portfolio structure



Asset allocation	%		%
● Index-linked gilts	15	● Japan equities	15
● Long-dated index-linked gilts	13	● UK equities	10
● Non-UK index-linked	13	● North America equities	7
● Short-dated bonds	9	● Europe equities	3
● Cash	7	● Asia ex-Japan equities	1
● Gold and gold equities	5		
● Illiquid strategies	2		



Currency allocation	%
● Sterling	84
● Yen	6
● Gold	5
● US dollar	1
● Other	4

5 largest of 14 bond holdings

Stock	% of fund
UK Treasury index-linked 0% 2017	8.6
UK Treasury index-linked 0.5% 2050	6.4
US TIPS 1.125% 2021	5.6
UK Treasury index-linked 0.125% 2024	4.5
UK Treasury index-linked 1.875% 2022	4.3

Source: Ruffer LLP

5 largest of 59 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.1
Lloyds Banking Group	1.9
Sony	1.5
Mizuho Financial	1.4
ORIX	1.4

* Excludes holdings in pooled funds

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Fund size £82.5m

Fund information

Ongoing Charges Figure	1.19
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	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 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which charities represented £2.1bn.

Dealing line

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